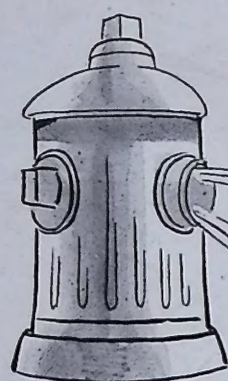


CANADIAN MOVING PICTURE DIGEST

Vol. 21, No. 52

TORONTO 2, CANADA

April 26th, 1930



THAT'S NEWS!

— and here's more news

COAST PREVIEW A RIOT!

Marie



Polly

DRESSLER-MORAN

with
ANITA
PAGE

The Talk of Los Angeles in their Grand Comedy

CAUGHT SHORT

*Suggested by Eddie Cantor's book. Adaptation
and Dialogue by Willard Mack. Directed by
Chas. F. Riesner. A Cosmopolitan Production.*

COMING FROM METRO-GOLDWYN-MAYER

PUBLISHED BY

CANADIAN MOVING PICTURE DIGEST COMPANY LIMITED

259 SPADINA AVENUE, TORONTO 2

ROAR LION! ROAR!



ROAR about the new wonder Talkie—
THE DIVORCEE starring **NORMA SHEARER**

ROAR about the year's reigning hit—
GRETA GARBO Talks in **ANNA CHRISTIE**

ROAR about the history-making comedy—
CAUGHT SHORT—Marie **DRESSLER**—Polly **MORAN**
(A Cosmopolitan Production)

ROAR about **MONTANA MOON**, *Joan Crawford's Biggest!*

ROAR about **THE GIRL SAID NO**, *Bill Haines' box-office smash!*

ROAR about **FREE AND EASY**, *a million laughs! A flock of stars and they all act in it!*
BUSTER KEATON, WILLIAM HAINES, ANITA PAGE, ROBERT MONTGOMERY,
TRIXIE FRIGANZA, KARL DANE, FRED NIBLO, CECIL B. DE MILLE,
DOROTHY SEBASTIAN, LIONEL BARRYMORE, GWEN LEE.

ROAR about **LON CHANEY'S FIRST TALKIE COMING!**

ROAR about a **HIT EACH WEEK WHEN THEATRES NEED THEM MOST!**

The Roar of the Talkies!

METRO-GOLDWYN-PICTURES



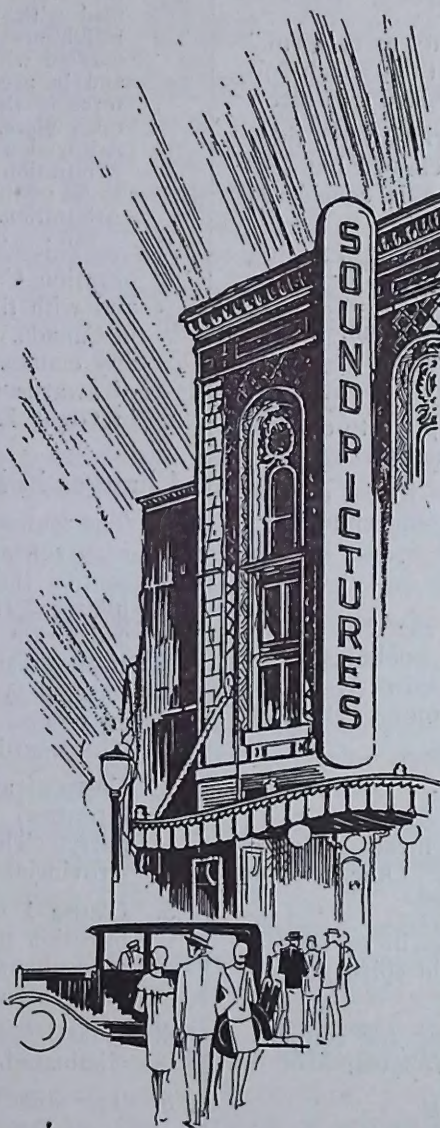


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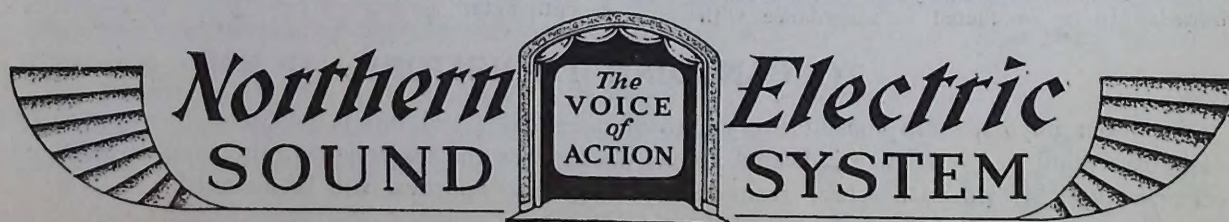


This policy is to the interest of every element of the industry. It would be useless for the producer to continue improving Sound pictures if such improvements are not properly reproduced in theatres.

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SALES DEPARTMENT
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MONTREAL, QUE.

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WESTERN ELECTRIC IN U. S. A.

Notice to All Exhibitors

After consultation with leading exhibitors, a new Canadian Standard Contract for the year 1930-31 has been drafted and is now being printed. This contract will be a modification of the present contract and is to be adopted and come in force on May 15th, 1930. It will be labelled thus:

CANADIAN EXHIBITION CONTRACT

(This is the Standard Contract filed with the Motion Picture Distributors and Exhibitors of Canada, bearing date of May 15th, 1930. All clauses in addition thereto appear in the schedule.)

Eliminations from Present Contract.

1. PRESENT FIRST CLAUSE. "Warranty as to form," (now unnecessary because of new title, which follows the style of the British standard contract.)
2. PRESENT TENTH CLAUSE. Description of titles of photoplays. First paragraph retained but second paragraph relating to reissues is considered unnecessary.
3. PRESENT THIRTEENTH CLAUSE. Warranty as to advertising—(Considered unnecessary).
4. PRESENT FIFTEENTH CLAUSE. Minimum admission charge — (Eliminated at request of exhibitors).
5. PRESENT TWENTIETH CLAUSE. Option to exclude if group licensed—(seems superfluous).
6. PRESENT TWENTY-FIRST CLAUSE. Racial or religious subject matter—(considered superfluous).

Additions to Present Contract.

The only additions suggested are the two clauses now in use relating to "percentage bookings" and "liquidated damages," which were formerly "additional" clauses. They now become "standard clauses."

Changes from Present Contract.

1. Clause Two of the present contract becomes Clause One of the new contract. Other clauses renumbered.
2. Present sixteenth clause:—"Delays in or prevention of performance" is retained in spirit and effect, but shortened.
3. Present eighteenth clause providing for compulsory "Arbitration" is rewritten as follows:—

ARBITRATION CLAUSE

"The parties hereto agree that if any question or difference shall arise between them with respect to the rights, duties or obligations of either of them hereunder or as to any other matter arising out of or connected with the subject matter of this agreement, the same shall be referred to arbitration to be conducted in accordance with

the "Rules of Arbitration" dated May 15th, 1930, filed with the Motion Picture Distributors and Exhibitors of Canada, which are hereby incorporated with and made a part of this agreement and in accordance with the Arbitration Act in force in the Province in which such arbitration takes place, or in the absence of such Provincial Arbitration Act then in accordance with the Arbitration Act of the Province of Ontario, as to all matters not provided for by such Rules of Arbitration."

Note.—This clause is more in harmony with the Arbitration Clause in the British Standard Contract and with the Provincial Arbitration Acts in force in Canada. It will be noted that the so-called penalty clauses are to be eliminated and enforcement of awards will be a matter of court procedure as in Great Britain.

Changes in Rules of Arbitration.

1. The Rules are amended by providing for Boards of Arbitration consisting of one member representing the Distributor and one member the Exhibitor. If these two are unable to agree upon a decision they will choose a third arbitrator, but if they cannot agree the third arbitrator will be selected from a panel of independent persons by an official such as President of Board of Trade. The Board thus consists of two or three persons.
2. Costs of any arbitration (such as fees of the arbitrators) shall be borne by the unsuccessful party. The fees for arbitrators are fixed in the Provincial Acts.
3. Clause 1 of Rule 1 reads "A submission to arbitration under the provisions hereof shall be irrevocable and have the same effect as if made by order of a Court."
4. Rule IV relating to enforcement of Decisions is eliminated.
5. The other Rules are unchanged.

Sound Riders and Road Show Clauses.

These two clauses are left to the individual distributors and may vary somewhat in the various contracts.

TO CANADIAN EXHIBITORS

It has been impossible to consult every Canadian exhibitor and this is published for your information. If you take exception to any change indicated above, please wire the undersigned, and your suggestion will be given consideration. If we do not hear from you, your general approval will be assumed.

On behalf of the Committee,

1909 Metropolitan Bldg., Toronto, Canada.

JOHN A. COOPER.

Famous Minority Shareholders Form Protective Association

Canadian Moving Picture DIGEST

*Established in 1915 for
Exhibitors*

Subscription: \$5.00 yearly

Telephone: Trinity 1481

Cable: Ontocanada

*Published by Canadian
Moving Picture Digest
Company, Limited*

259 Spadina Ave. - Toronto

RAY LEWIS

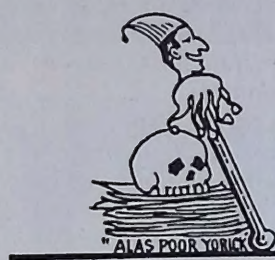
Editor and Managing Director

Vol. 21, No. 52

TORONTO 2, CANADA

April 26th, 1930

Changing Our Nationality



WHEN N. L. Nathanson resigned as Managing Director of the Famous Players Canadian Corp., and His Honour, the Lieutenant Governor of Ontario, W. D. Ross, a member of the Board, resigned, followed by the resignation of Sir Herbert Holt, it appeared as if these gentlemen, representative of statesmanship, industry and finance, concurred and approved of the action taken by their Managing Director, who declared that all of the shareholders, of the Famous Players Canadian, should have an opportunity to exercise their judgment in the matter of an offer of \$75.00 cash, a share, from the Gaumont British Corporation.

We regretted the resignation of Mr. Nathanson and of these other gentlemen, who had given our Film Enterprise an air of dignity and solidity.

Some papers are wary of controversial issues. They fear to offend someone who may be of service to them, straddling the fence as a consequence. Some present no editorial opinion on live issues because of an inability to form an opinion, while others are in the publishing business for advertising solely.

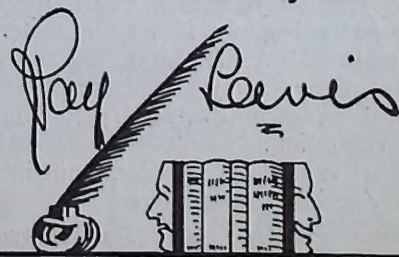
We are in the publishing business to be of service; and we define such service under the classification of giving information. We attempt to clarify involved situations that our readers may be better able to form an opinion; and in the matter of such service it is necessary to have some standard of valuation upon which we can logically arrive at a conclusion.

On the matter of the proposed sale of the Canadian company to the American company, we see no advantage to the American company, the American Film Industry, to the Canadian Film Industry, nor the majority shareholders. We, who know the power of the screen, cannot belittle this power as it suits our purpose; and we believe that every nation should control its own screens.

We say this in the greatest spirit of friendliness to America. We appreciate the quality and progressive ability of American Film Enterprise, that Trade and Commerce should be free from national limitations and prejudices, that it should be competitive, but there are certain, peculiar instruments of service which especially belong to the nations of which they are a vital part, and these should be controlled within these nations.

For an American company to absorb the Famous Players Canadian Corp., which was fostered as a Canadian institution and enterprise, financed in Canada, and which developed under Canadian patronage, would have a tendency to destroy the confidence of the Canadian investor in Canadian Enterprise.

The Famous Players Canadian Corp. is healthily and profitably progressive. It has nothing to gain by changing its nationality.



Financial Opinion Discredits Famous Offer

RAY



RAY LEWIS

PRESENTS

(Continued from Issue April 19th.)

"THIS THING CALLED LOVE" is a Pathe comedy-drama, adapted from the stage play; and censored by the producers of its too sophisticated and modernistic finale.

It reveals a married couple in love sufficiently to have constant bickerings, due primarily to a demand upon love; and a failure to subjugate the love element to the marriage relationship, which should be operated like a business, in which two partners are interested fifty-fifty on the profits.

Another couple try the business relationship without the love-element, but end up by being "just ordinary married folks," who quarrel and kiss and make up, as usual since the days of Adam and Eve.

Edwin Burke's stage play is responsible for the material, while Paul Stein is master of direction. Perfectly harmless entertainment which made all the married people feel so much "at home."

"Sarah and Son," with Ruth Chatterton, is a Paramount picture directed by Dorothy Arzner.

Here is moral sufficient for a wilderness of reformers. An immigrant girl rises to fame and economic independence after she has been obliged to leave a derelict of a husband, who steals her baby, and gives it in adoption to a wealthy, childless couple.

"Sarah" works and educates herself, searching ever to find her son; and in the finale, having found him, is resigned to a further sacrifice of renunciation for the sake of the child; and the foster-mother who has been so good to her boy!

The work of Ruth Chatterton as "Sarah," is a genuine mental stimulus and treat.

"THE BRIDGE OF SAN LUIS REY" is an adaptation of the world-famous novel by Thornton Wilder, and produced by Metro-Goldwyn-Mayer. It is one of the finest bits of drama-value which the screen has had to offer; and should be especially recommended by all churches and welfare organizations. It is one of the most powerful arguments for the Law of Compensation, and Justice which governs our lives, and presents most forceably the Mercy of Eternal Judgment. It is a sermon which would bring eternal glory to any minister, who conceived such material for his pulpit.

It was essentially "away above the philosophy of the Masses; and even gave the intelligent minority much material for cogitation.

The pictorial values were predominant in the glamour of a South American atmosphere.

"Sunny Side Up," with Janet Gaynor and Charles Farrell, is a Fox all-talking picture. This story has the romance angle as its appeal.

Janet is the little girl born in most humble surroundings, but who wins for her lover and her husband, a wealthy young man, who has learned through a disappointment in love, that "all is not gold that glitters;" and that Janet, humble and modest as her station is, may be worth a dozen society debutantes!

The introduction of the character of a Swede, played by El Brendel, strengthens the moral angle of this picture, revealing the simple, protective qualities which prevail among so-called simple people. This Swede is a watch-dog as far as Janet is concerned. The optimistic note which the title indicates, prevails throughout the picture; and is a sentiment which is good for the public generally.

"BLACKMAIL," with Donald Calthorp, John Longden and Anny Ondia, is one of the first British all-talking features. It is distributed by Sono Art World Wide.

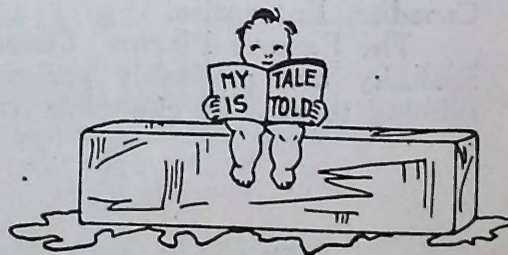
The perfect English accent and diction of this feature should be an inspiration for those who are desirous of speaking "good English." Calthorp, as the blackmailer, does a histrionic bit of work, and this story teaches that even a master-mind at blackmail pays the penalty associated with the adage that, "the wages of sin are death."

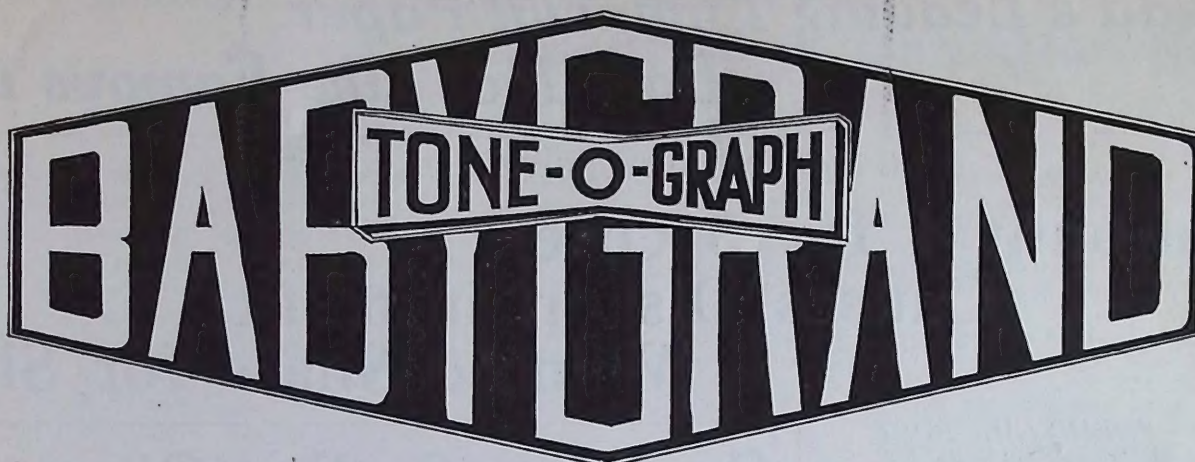
"DYNAMITE," a Cecil De Mille production, distributed by Metro-Goldwyn-Mayer, with Conrad Nagel, Kay Johnson, Julia Faye and Charles Bickford in the cast, introduced a new type of beauty and style, which did not bear the stamp of "screen beauty," but possessed qualities which would make her fit into any environment.

The moral presents the working man, in the most favorable light, possessing qualities which make him a real gentleman, despite the fact that he has no social veneer.

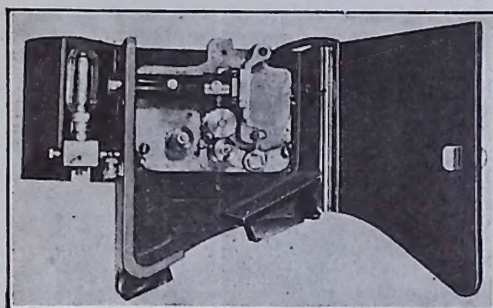
In "Dynamite," we get an insight into the life of a miner, which furnishes this field of operation, the best propaganda for consideration, and the highest possible wages, because of the risks this kind of job involves. "Dynamite" also gives us glimpses of the wholesome and the unwholesome mode of living; and presents the latter to a greater disadvantage, in comparison to the former!

(To be continued.)



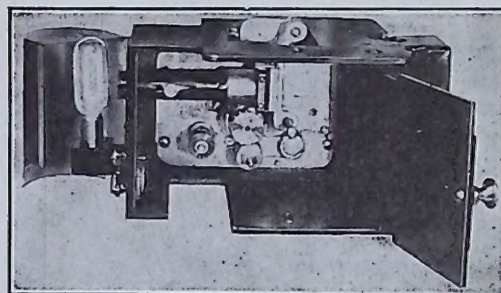


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Sandwich Theatre
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Princess Theatre
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GOOD
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Distributors

Canada's Leading Financial Paper Does Not Like Famous Deal

"As Reprinted From THE FINANCIAL POST."

Paramount 4 for 5 Offer Causes Disappointment; Wanted Share for Share

THE FINANCIAL POST, which is credited with having the largest circulation of any Canadian Financial paper does not like the offer as proposed by the directors of the Famous Players Canadian Corp., for an exchange of five shares of Famous Players Canadian for four shares of Paramount Famous Lasky.

In the Financial Statement of the Paramount Famous Lasky, it is important to note that \$3,000,000 of its profit was due to the sale of the American Company's shares to the Canadian Company; and with these three millions eliminated, the ratio of profits for the Canadian Company would be \$6.26 as compared with \$5.00 for the American Company.

A shareholder of the Famous Players Canadian Corp., has asked for and received the advice of one of the leading financial advising organizations in America, one paragraph which is as follows—

"Now on the basis of earnings relatively the same per share for the two companies, there is some reason for thinking that the Canadian Company is not getting all the consideration it should in this share exchange. It seems fair to believe that the American Company should give share for share instead of four shares for five. If you are a holder of Paramount Canadian stock, we would be inclined to oppose the consolidation on the basis indicated. I trust this makes our attitude clear."

The news of the exchange of shares has evidently not supported the American stock, for as we go to press, Friday, April 26th, Paramount Famous Lasky is down around \$70.00 which gives the Canadian shareholders about \$55.00 a share value in exchange!

On Facts So Far Given Deal Not Advantageous

Public welfare and the interests of shareholders of Famous Players Canadian Corp. alike demand from directors a more complete explanation of the reasons which led them to recommend acceptance of the offer of four shares of Paramount Famous Lasky Corporation for every five shares of Famous Players. Before surrendering to foreign control two hundred moving picture theatres in Canada shareholders should be informed what earnings have been in the months following August 31, 1929, and the theatre-going public informed what precautions, if any, have been taken to protect the company's right to get good pictures from any source.

A price under \$60 a share brings back to mind inevitably the offer of British Gaumont last year of \$75 a share, an offer which was not even considered by directors because William Fox was understood to be angling for a large interest in the British company. Not much more than a year ago the shareholdings of Paramount were distributed among Canadians so as to secure Canadian control and Paramount's interest was served by a voting-trust arrangement for ten years. Now Paramount wants the shares back because it wants absolute control in case powerful competitors establish or purchase competing chains in Canada. That is good Paramount policy doubtless, but it apparently is not good for Canada and for the Canadian shareholders who believe in the company and its future?

Famous Players does not need to take to the storm cellar at the first threat of competition. Shareholders certainly need not take hurried action on the offer as it does not err on the side of generosity. If Paramount is so anxious for control of Famous Players Canadian, it is difficult to see why at least a share-for-share offer should not have been made. The Financial Post is reliably informed that the earnings of the Canadian company have been greater in recent months than have been those of Paramount. Those Canadians who have paid more than \$58 for shares have real cause to be disappointed at the offer made.

Dissenting Shareholders of Famous Players Form Protective Committee

MORE INFORMATION

Canadian Company's Current
Earnings Exceed Para-
mount's Real Competi-
tion From Nathanson

Many shareholders of Famous Players Canadian Corporation are expressing disappointment that the offer of Paramount Famous Lasky Corporation reported in The Financial Post last week was not on a share for share basis. They do not think that four shares of Paramount for five shares of Famous Players Canadian is enough in view of the fact that earnings of the Canadian

company for the year ending Aug. 31, 1929, amounted to \$6.24 a share as compared with \$6.34 a share for Paramount for the year ending December 31. They contend, as well, that Paramount makes the offer on the basis of the situation as it existed on August 31 last, whereas that year only showed the effect of sound equipment in the principal theatres for six months and that earnings since Aug. 31 would probably show Famous Players earning at least about \$8 a share for the year which will end on August 31, 1930. Paramount's earnings for the first quarter were \$1.79 a share or at the rate of \$7.16 a share annually.

Directors, on the other hand, in recommending the offer to shareholders for acceptance, hint that powerful competition may come in Canada and that shareholders will be better off with stock of a leader like Paramount with its strong financial position, and record of growing earnings, assets and divi-

(Continued on Page 17)

Loyal Canadians Selling America Control of Canadian Screens

By RAY LEWIS

IN ORDER to acquaint shareholders of Famous Players Canadian Corporation with certain facts relative to the present offer of the Paramount Famous Lasky Corporation, to exchange four shares of the American Company for five shares of the Canadian, thereby giving the American Company the controlling interest in the Canadian Company, it is advisable to go back to the purchase of the shares controlled by Adolph Zukor, which occurred during March of 1929.

At that period eight million dollars worth of stock, formerly held by American shareholders, was transferred to the Royal Securities, for redistribution to Canadian-shareholders.

The press cited that this business deal was more than a transfer, a transformation which made the Famous Players Canadian Corporation all-Canadian.

Adolph Zukor, President of the Canadian and the American Company, received, it is reported, five million dollars profit on his transfer of shares.

A prospectus was issued to the public the nature of which was as follows:

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

Voting Trust Certificate for 165,375 Shares of Common Stock of No Par Value.

Application will be made immediately to list these Certificates on the Montreal and Toronto Stock Exchanges.

This offering does not involve the issue of an additional Common Shares.

The following information has been supplied to us by Mr. N. L. Nathanson, Managing Director of the Company:

THE COMPANY: Famous Players Canadian Corporation, Limited, commenced business nine years ago with 16 theatres having a total seating capacity of 15,000. It is now outstandingly the most important owner and operator of motion picture, vaudeville and other theatres in Canada. Theatres owned, controlled, leased, or in which the Company has a substantial interest, total 153, with a combined seating capacity of 165,000, and are situated in the principle cities from Montreal, Que., to Victoria, B. C.

For its first year of operation, ended August 28th, 1920, gross receipts were \$1,206,329.

For the year ended August 25th, 1928, and for the six months ended February 23rd, 1929, gross receipts and admission to all theatres in which the Company is now interested were as follows:

	12 Months 1928	6 Months 1929
Gross Receipts	\$12,103,317	\$7,761,487
Approximate number of Admissions	25,000,000	16,000,000

The gross receipts and numbers of admissions, as shown above, for the first half of the current fiscal year were equivalent to 64 per cent. of those for the entire 1928 fiscal year.

EARNINGS: Earnings of the Company and its subsidiaries for the year ended August 25th, 1928, and for the six months ended February 23rd, 1929 (subject to audit), were as follows:

	Year 1928	1st 6 mos. 1929
Gross Earnings	\$7,937,325	\$5,097,000
Operating Expenses, including interest on mortgages and bank loans	6,462,092	3,788,500
Balance	\$1,475,233	\$1,308,500
Net profits after providing for all charges and including depreciation, deferred charges, bond and debenture interest and income tax	\$ 482,070	\$ 710,291

Net profits as above, and available for Company dividends, for the six months ended February 23rd, 1929, were equivalent to \$2.20 per share, and for the twelve months ending August 31st, 1929, are estimated at not less than \$4.00 per Common Share.

Surplus earnings applicable to the Company's holdings in affiliated companies — over and above dividends received —

are not included in the above figures. For the fiscal year of 1928 these amounted to approximately \$175,000, and will be substantially larger during the current year.

It is the intention to place the Common Stock of the Company on a regularly quarterly dividend basis, the first of such dividends to be payable for the quarter commencing September 1st, 1929.

DIRECTORS: The Directors of the Company are as follows: Adolph Zukor (President), New York, President Paramount Famous Lasky Corporation; J. P. Bickell (Vice-President), Toronto, Director The Canadian Bank of Commerce; Sir Herbert S. Holt, Montreal, President The Royal Bank of Canada; S. R. Kent, New York, Director Paramount Famous Lasky Corporation; I. W. Killam, Montreal, President Royal Securities Corporation, Limited; His Honor W. D. Ross, Toronto, Director The Bank of Nova Scotia; W. J. Sheppard, Waubesa, Ont., Director The Royal Bank of Canada; J. B. Tudhope, Orillia, Ont., Director McIntyre Porcupine Mines, Limited; Sir William Wiseman, New York, Kuhn, Loeb & Co.; and N. L. Nathanson (Managing Director), Toronto.

CAPITALIZATION: As at February 28th, 1929, the Company had a funded debt of \$9,000,000, due in 1948, and purchase money mortgages on theatre properties of \$569,579. As at August 28th, 1928, outstanding share capitalization consisted of 320,000 shares of Common Stock of no par value, with options outstanding — in part attaching to the Company's Gold Debentures — entitling the holders to purchase 60,000 additional Common Shares, of which 975 shares have since been issued.

VOTING TRUST CERTIFICATES: Control of the Company is being assured to Canada, through the purchase of Common Stock previously held by American interests. For the purpose of retaining this control and providing continuity of the present successful management, voting control has been placed for a period of ten years in the hands of three Trustees under a deposit agreement in favour of the Montreal Trust Company.

The no-par-value Common Shares of the Company are listed on the Montreal and Toronto Stock Exchanges and are currently quoted at about 51 to 52.

Famous Players Canadian Corporation has an excellent record of steady growth. Under the active direction of Mr. N. L. Nathanson, Managing Director of the Company since its organization in 1920, its past record of increasing business and earnings should be continued.

We offer these Voting Trust Certificates for delivery if, as and when issued and received by us, subject to prior sale and allotment and to the approval of legal matters in connection with their issue by Messrs. McGibbon, Mitchell & Stairs, of Montreal.

Price: \$51 per share.

Interim Certificates will be available for delivery on or about March 25th, 1929.

GREENSHIELDS & CO.

17 St. John Street, Montreal
Also Mount Royal Hotel Building.

Toronto	Quebec	Ottawa
24 King St. West	126 Peter Street	56 Sparks Street

A VOTING Trust of three was formed, comprising N. L. Nathanson of Toronto, I. W. Killam of Montreal, and Adolph Zukor of New York, in which the 165,000 shares, held by Adolph Zukor were placed; and the shares held by N. L. Nathanson in order to give a majority control; the voting power of these shares were to remain intact for a period of ten years, in order to keep the control of the company from passing to American Interests.

The issue was offered to the public at \$51.00, but when rumours of negotiations in London, England, commenced to come through, the stock went up to \$75.00; and at one period reached a quotation around \$82.00.

The shareholders and prospective shareholders were given the Canadian angle of the Famous Players by way of stimulating a Canadian theatre interest.

(Continued on Page 10)

Directors Promised Canadian Control

THE STORY of the growth of Famous Players from its beginning was presented. The Regent Theatre was built during the War; and the merging of various groups in 1920, formed the Famous Players Canadian Corporation, under the direction of N. L. Nathanson, until, in a very few years the chain of theatres increased from 100 to 146; and at present numbers 196 theatres, in the key centres across Canada, with a seating capacity of over 215,000; and a yearly picture attendance in excess of 30,000,000, as among its good-will assets.

A GAIN referring to the propaganda which accompanied the purchase of the Canadian shares from American interests, it was stated that these theatres were kept alive by Canadian money, and officered by Canadians. The head office staff and most of the company-directors were Canadian. Wages, salaries, insurance, upkeep, all overhead charges and most of the dividends were paid in Canada.

"Here was a new Canadian Industry distributing and showing American pictures under an American name, with a minority of its stock still held on Broadway. The bigger it grew the more Canadian it became. Up until last week (March 15th, 1929), the only Broadway factors left in this large, many-millioned growth of a few years were two words of the name, the rentals paid for films, and the dividends to a minority of stockholders."

THE ARTICLE continued, "In the story of American-financed Canadian businesses, here is one whose evolution has been steadily growing from American to Canadian ownership. It would have been easier to let American finance and policy dominate. It was better patriotism and better business to buy out the American shareholders, to get the control absolutely Canadian.

"And that has been the aim of the directors and the steady policy of the managing-director, who is mainly responsible for the details of the transformation." This refers to the purchase of the Famous shares from the American Company in 1929.

Why then do the directors, who sponsored the purchase of shares from the American Company, now advise to resell the company to American Interests, the very interests, from whom the Canadian Company purchased its shares about one year ago?

IN AUGUST of 1929, while N. L. Nathanson, the managing director, was in England, negotiations were in progress to ally the Canadian company with the Gaumont British, which controls about 300 theatres throughout Great Britain, and holds the position of being the dominant theatre chain of Great Britain, in addition to operating, producing and distributing units of important magnitude. N. L. Nathanson, on his return from London, England, brought a cash offer of \$75.00 a share from Gaumont British for Famous Players Canadian Corporation.

An alliance between Gaumont British and Famous Players Canadian Corporation was part of Nathanson's Empire-wide plan, but the consummation of such a deal was blocked by I. W. Killam, and some of the directors of Famous Players, who arrayed themselves against Nathanson, refusing to place the offer before the shareholders for consideration.

A disagreement followed, and N. L. Nathanson resigned as managing director of the company.

THE board of directors accepted the resignation and Arthur Cohen of Toronto was appointed managing director. The directors were Adolph Zukor, New York;

J. P. Bickell, Toronto, vice-president; Sir Herbert Holt, Montreal; S. R. Kent, New York; I. W. Killam, Montreal; N. L. Nathanson, Toronto; His Honor W. D. Ross, Lieutenant-Governor of Ontario; W. J. Sheppard, Waubesaushene; J. B. Tudhope, Orillia; and Sir William Wiseman, New York.

Following the resignation of N. L. Nathanson from the board, Sir Herbert Holt and The Honorable W. D. Ross, Lieutenant-Governor of Ontario, also resigned from the board!

MR. NATHANSON'S resignation was stimulated by the fact that the directors refused to permit the shareholders to vote on the issue of the sale of their shares to the Gaumont British, Nathanson stating that this was the procedure which should have followed, in fairness to the shareholders.

It is interesting to note that the directors have followed this procedure of form in submitting the offer of the Paramount Famous Lasky, although an offer last week of \$60.00 cash a share from a Canadian syndicate, resident in Canada, was not considered by the directors, nor submitted for approval to the shareholders, nor was the \$75.00 cash a share of the Gaumont British offer ever submitted!

THE Protective Association of Minority Shareholders is, aside from all other angles, interested to know why the directors favour a sale of the Canadian company to American interests, on an exchange basis of shares, ratio five shares of the Canadian company for four of the American, approximate value \$57.00 a share, in preference to a sale to Canadian interests at \$60.00 cash, a share, or the previous offer of August of 1929, of \$75.00 a share from Gaumont British?

In explanation of the refusal to accept the Canadian offer, I. W. Killam, who took his shares to Adolph Zukor, agreeing to his terms, and turned down the \$60.00 cash offer, stated that the shares were worth \$75.00 a share.

I. W. KILLAM, Canadian, and a member of the Voting Trust Trio, he, who made such an outcry against American control at the last general meeting of the shareholders, citing as his excuse, for not supporting the Gaumont British offer, that this company was American-controlled, now sells to a company whose interests are entirely American; and the offer of which to the general shareholders is \$57.00 a share value, as against a \$75.00 cash share value from a British company.

ADOLPH ZUKOR remembers that in 1920, the theatreowners of Great Britain were so incensed at what they termed the American film invasion, that they organized a boycott against Paramount Product, stating that they would not give their money to a company which was organizing to put them out of business. So successful was this boycott that the Paramount English flotation of shares for a theatre building programme was withdrawn by the company, as was also the theatre building plans already in operation.

This agitation was the beginning of a series of agitations against American-Film domination abroad.

THE EDITOR of the Canadian Moving Picture Digest, then resident in London, England, warned American Producers to hesitate in their theatre-building plans in Great Britain. The British theatreowner was willing to purchase American film product, but preferred to own his own screens.

The Digest stated that this "whole-hog-policy" would
(Continued on Page 11)

Agitation Against Foreign Screen Control

bring about legislative reprisals costly to American Producers.

For a time the production and theatre-building activities of American producers were curtailed, but the damage had already been done, the alarm had already spread, not only throughout Great Britain, but over the Continent, and throughout the British Empire, followed by Anti-American film propaganda.

IN CANADA we are forever being informed by our Press that 98 per cent. of our films come from America, that British productions do not get a "square deal" here; and that Canada is becoming impregnated with American ideals and an American outlook. Every Film Reformer and Agitator hangs his or her hat upon this peg!

The Digest has fought such propaganda, because it is The Digest's viewpoint that Trade competition should be a matter of quality-competition. Those pictures which have Quality should control, and secure the best markets, wherever those markets may be.

WHILE Mr. Nathanson was Managing Director of the Famous Players Canadian, the company had an English representative, resident in London, whose office it was to select the best English product, which was distributed in Canada through the Regal Films.

Nathanson encouraged British producers to produce Quality pictures, for back of his Empire scheme for the Famous Players Canadian Corporation was the idea of a British producing affiliation.

FOR fifteen years the editor of The Digest has watched a Canadian Film Industry endeavor to assert itself as an important asset to Canada and the Film Industry at large.

The Digest saw the inception of the first big Canadian theatre enterprise, organized by Messrs. Jule and J. J. Allen, and their Canadian associates, the formation of the Famous Players Canadian Corporation, under the inspiration and directorship of N. L. Nathanson, the United Amusements, and hundreds of theatres built and operated independently by theatre owners, or affiliated, and consolidated into "buying power" organizations, for "buying power" purposes, or a self-determination policy of independence, until with the purchase of the shares held by the American Interests in Famous Players Canadian, it looked as if Canada was at last becoming a Film Power of British importance!

AMERICAN Film Interests have always looked upon Canada as a regional district, as one of the regional units on their distribution map, classified with the other regional districts of the U. S.

With the sale of the Famous Players Canadian Corporation to American Interests, Canada more than ever becomes a regional film district of the U. S.!

The Digest warns the directors of the Famous Players Canadian Corporation that they are, in the selling of our Canadian Screens to American Interests, precipitating a great deal of trouble for the American Film Industry.

THOSE, who have been complaining about the American Film Monopoly of our Screens, will now have a real cause for complaint; and is it not logical to conclude that the Canadian Government will take legislative steps to protect from foreign control, the power of our Screen, so potent, and all-persuasive in its potentialities for forming public opinion?

Already, we have an example of what legislation can do to the Film Industry in the Province of Quebec. Legislation is now pending in other provinces!

WE, who are interested in this phase of work, know that "Eternal Vigilance is the Price of Peace" as it affects our film interests here!

The directors of the Famous Players Canadian Corporation are aware that a British Film Quota Bill for Canada has already been discussed and agitated. Will it pay the American Interests to limit their trading possibilities in Canada, their best film customer, because of a desire for theatre aggression and expansion?

Will not the entire Film Industry suffer as a consequence; and will not the Famous Lasky Paramount Company come in for a great deal of criticism and antagonism, which will react upon the entire American Film Industry?

Will not independent Canadian theatre owners resent the Paramount theatre competition, since they buy their films also from this company? Will they not cry out against an unfair competition which is destroying their livelihood?

Will not independent distributors also feel that Paramount has sewed Canada up for itself?

Will not these other companies feel that the competition of a producer-distributor-exhibitor organization, controlling the leading theatres across Canada, prevents their product from fair competition in bookings?

WE KNOW that such conditions prevail in the U. S., but compare the population of both these countries. What is possible in the U. S. from an economic trade basis, is not economically, nor democratically sound in Canada.

Famous Players Canadian Corporation absorbed by the American company would indeed become an American Film monopoly, in a Canadian country, to the detriment of other Trade & Commerce factors!

J. P. BICKELL, J. B. Tudhope and W. J. Sheppard, present directors and officers, who approve the sale, own a minimum number of shares between them, having some years ago sold out the bulk of their shares in the Canadian Company to American Interests. These directors have nothing to lose by the exchange of shares offered, or the selling out of Canada's Film birthright to American Interests, unless they have a pride in Canadian Enterprise. Have they?

At the time of the resignation of N. L. Nathanson from the board, he held 26,000 shares, and was not selling out.

Sir Herbert Holt and other Canadians have large holdings, naturally they are interested, and so are the minority shareholders, who apparently are not being well advised.

THE Protective Association of minority shareholders of Famous Players Canadian Corporation is to hold a General Meeting, after a committee has made certain investigations, relative to the accepted offer of the directors for the sale of Famous Players Canadian to the American Interests.

The Voting Trust agreement which N. L. Nathanson, Adolph Zukor and I. W. Killam signed is as follows:

(Continued on Page 12)

The Voting Trust Agreement

FAMOUS PLAYERS CANADIAN CORPORATION, LIMITED.

VOTING TRUST AGREEMENT

ARGEEMENT made this seventh day of March, 1929,
BETWEEN:

MONTREAL TRUST COMPANY, a corporation duly incorporated according to law and having its principal office in the City of Montreal, in the Province of Quebec, herein called the "Depository,"

Of the First Part

AND:

NATHAN L. NATHANSON, of the City of Toronto, in the Province of Ontario, IZAAK WALTON KILLAM, of the City of Montreal, in the Province of Quebec, and ADOLPH ZUKOR, of the City of New York, herein called the "Voting Trustees,"

Of the Second Part

THIS AGREEMENT WITNESSETH:

WHEREAS, Paramount Famous Lasky Corporation has caused to be deposited with the Depository one hundred sixty-five thousand, three hundred seventy-five (165,375) shares of the common capital stock of Famous Players Canadian Corporation, Limited, without nominal or par value, for the purpose of constituting a Voting Trust.

NOW THEREFORE, in consideration of the Agreements herein and of the terms and provisions hereof, and of One Dollar paid by each of the parties hereto to each of the others, the receipt whereof is hereby acknowledged, the parties hereto agree together and with each other as follows:

1. The Depository hereby acknowledges that at or prior to the execution hereof the Paramount Famous Lasky Corporation has caused to be deposited with it a certificate or certificates for 165,375 shares of the common capital stock of Famous Players Canadian Corporation Limited, without nominal or par value (hereinafter called the "Company"), accompanied by properly executed endorsements or transfers thereof, and agree forthwith to cause said shares to be duly registered in its name as Depository hereunder and to hold the said shares subject to all the terms and conditions hereof until the sixth day of March, 1939, unless the Voting Trust hereby constituted shall be sooner terminated by the Voting Trustees in the manner hereinafter set forth.

2. The Depository shall forthwith issue its Voting Trust Certificates in the form hereinafter set forth representing said common shares to an aggregate amount not exceeding 165,375 shares so deposited with it as aforesaid to persons to be designated in writing by Paramount Famous Lasky Corporation, and such Voting Trust Certificates shall be transferable by endorsement and registration in the books of the Depository as fully as the common shares of the said Company which they represent, and shall entitle the registered holders at the termination of this Voting Trust Agreement upon surrender of said Voting Trust Certificates to delivery of the number of the common shares of said Company represented thereby.

3. The holders of the Voting Trust Certificates shall be entitled, until distribution of the common shares of the Company upon the termination hereof as herein provided for, to receive from time to time payments equal to the dividends if any collected by the Depository upon the like number of shares of the common stock of the Company as is specified in such Voting Trust Certificates.

4. The Voting Trust Certificates to be issued by the Depository hereunder shall be substantially in the following form:

FAMOUS PLAYERS CANADIAN CORPORATION LTD. (Incorporated under the laws of the Dominion of Canada) Common Stock - Voting Trust Certificate.

THIS IS TO CERTIFY that on the 6th day of March, 1939, will be entitled, upon surrender hereof to the Montreal Trust Co., at its office in Montreal, to receive a Certificate for fully paid Common Shares without nominal or par value in the Capital stock of Famous Players Canadian Corporation, Limited, and in the meantime to receive payments equal to the dividends if any collected by the Montreal Trust Company upon a like number of said shares; and until after the actual delivery of such Certificates to the registered holder hereof the Voting Trustees hereinafter mentioned shall possess and be entitled to exercise all shareholders' rights of every kind including the right to vote and to take part in or consent to any corporate or shareholders' action, it being expressly stipulated that no right to vote in respect of said shares or to take part in or consent to any corporate or shareholders' action passes to

the registered holder hereof by or under this certificate or by or under any agreement express or implied.

This Certificate is issued under and pursuant to, and the rights of the holder are subject to and limited by the terms and conditions of a certain Voting Trust Agreement dated the 7th day of March, 1929, between Montreal Trust Company, Depository, of the First Part, and Nathan L. Nathanson, Izaak Walton Killam and Adolph Zukor, Voting Trustees, of the Second Part, which agreement and copies thereof are on file at the office of said Montreal Trust Company, in the City of Montreal.

No stock certificate shall be due or deliverable hereunder before the 6th day of March, 1939, but the Voting Trustees in their discretion may direct the Depository to make earlier delivery as provided in said Agreement.

This Certificate is transferable only on the books which shall be kept for that purpose at said office of Montreal Trust Company in Montreal or Toronto by the registered holder either in person or by attorney duly authorized, and on surrender hereof, and until so transferred, the Montreal Trust Company and its Voting Trustees may treat the registered holder as owner hereof for all purposes whatever.

IN WITNESS WHEREOF Montreal Trust Company has caused this Certificate to be signed by its duly authorized Officers this.....day of.....19....

FORM OF TRANSFER

FOR VALUE RECEIVED..... hereby sell, assign and transfer unto..... the rights, title and interests represented by the within Voting Trust Certificate and do hereby irrevocably constitute and appoint attorney to transfer said rights, title and interests on the books of Montreal Trust Company with full power of substitution in the premises.

DATED

Said Voting Trust Certificates shall be transferable as therein provided and not otherwise, and transfers so made of any such certificates shall vest in the transferee all rights, title and interest of the transferor in and under such certificate, and upon such transfer the Depository will deliver or cause to be delivered a Voting Trust Certificate or Certificates to the transferee for the same number of shares. Until such transfer, the Depository and the Voting Trustees may treat the registered holder of a Voting Trust Certificate as owner thereof for all purposes whatsoever.

5. On March 6th, 1939, or at such earlier date as the Voting Trustees shall determine in the manner hereinafter set forth, the Depository shall distribute the shares of the Company held by it to the holders of Voting Trust Certificates as follows; that is to say, it shall, on and after such date, upon presentation and surrender of Voting Trust Certificates of the common stock of the Company for the shares specified in the Voting Trust Certificates so surrendered.

6. Until this Voting Trust Agreement is terminated by affluxion of time or by the sooner determination thereof by the Voting Trustees as hereinafter set forth, the Voting Trustees shall possess and be entitled to exercise all shareholders' rights of every kind including the right to vote and to take part in or consent to any corporate or shareholders' action in respect of all the shares deposited hereunder, and it is expressly understood and agreed that the holders of Voting Trust Certificates shall not have any right with respect to any shares deposited hereunder to vote or take part in or consent to any corporate action of the Company or shareholders' action in respect thereof.

7. If so required by the Voting Trustees, the Depository shall itself vote upon the shares of the Company deposited with it hereunder, and in such case shall exercise the voting rights on said shares in accordance with the instructions which may be given to it by the Voting Trustees in the manner hereinafter set forth, and if not so required to vote, the Depository shall give such proxy or proxies to vote upon such shares as the Voting Trustees may require it to give to any Voting Trustee or Trustees or to any other person or persons, and the Depository shall not in such case be responsible for the manner in which such proxy or proxies exercise the voting rights on said shares.

8. The Voting Trustees shall have the right at any time after March 6th, 1930, by the unanimous action of the Voting Trustees, to terminate the Voting Trust hereby created by notifying the Depository of such termination by an instrument in writing signed by all the Voting Trustees, duly served upon said Depository, at its office in Montreal, or by sending such instrument in writing by registered mail addressed to the Depository at its office in Montreal.

(Continued on Page 13)

Nathanson-Zukor-Killam Trustees

9. Any Voting Trustee may at any time appoint a proxy or attorney to act in his place and stead and such proxy or attorney need not be a Voting Trustee, and while so acting, such proxy or attorney shall be deemed a Voting Trustee except for the purpose of terminating the Voting Trust hereby created.

10. Except as otherwise herein provided, all questions shall be determined by the decision of a majority of the Voting Trustees then acting, and the Voting Trustees may act either by a resolution passed by a majority at a meeting duly convened and held or by an instrument in writing signed by a majority of the Voting Trustees, and such decision or act of a majority of the Voting Trustees shall for all purposes of this Agreement be deemed the decision or act of the Voting Trustees and shall be full warrant to the Depositary for any action taken by it hereunder. The Voting Trustees may adopt their own rules of procedure. Any Voting Trustee may serve as Director and Officer of the Company.

11. No Voting Trustee nor the Depositary shall incur any responsibility by reason of any error of law or mistake of any kind or any matter or thing whatsoever done or omitted to be done under this Agreement except for his or its own individual malfeasance.

12. Any Voting Trustee may at any time resign by delivering to the other Voting Trustees and to the Depositary, his resignation in writing, and in the event of such resignation the remaining Voting Trustees shall have the right to nominate his successor by an instrument in writing delivered to the Depositary together with an instrument signed by such successor agreeing to act as a Voting Trustee hereunder; and thereupon the successor so nominated shall be a Voting Trustee in the place and stead of the Voting Trustee so resigning and be vested with all his rights hereunder. In the event of a Voting Trustee vacating his office through any cause other than resignation, a successor shall in like manner be appointed by the remaining Voting Trustees. The term "Voting Trustees" as herein used shall apply to the parties hereto of the Second Part and their successors.

13. Any holder of common shares of Famous Players Canadian Corporation, Limited, without nominal or par value shall have the right at any time to become a party to this Agreement by depositing the common shares held by him with the depositary hereunder, and upon such deposit the Depositary shall issue to such shareholder a Voting Trust Certificate in respect of the shares so deposited.

14. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts shall together constitute but one and the same instrument.

SIGNED AND EXECUTED by the parties hereto the day and year first above written.

MONTREAL TRUST COMPANY,

Depositary.

By.....

Signed and Sealed in the presence of:

(Sgd) H. J. Symington

as to all three signatures.

(Sgd) Nathan L. Nathanson

LS

(Sgd) I. W. Killam

LS

(Sgd) Adolph Zukor

LS

J. P. BICKELL, in making a statement to the press, assured the shareholders that the refusal to sell to Gaumont British was because of American control, and that the Board would see that the control was continued Canadian.

Here is Mr. Bickell's advice to the shareholders today. American control for less money.

Your Directors have considered the offer and have unanimously decided to recommend to the shareholders and the holders of Voting Trust Certificates that they should make the exchange.

The recent developments in the moving picture industry have been toward the concentration of film production into the hands of a few large companies with these large producing companies acquiring substantial interests in the theatre companies in which their pictures are exhibited. In reviewing this offer, your Directors have considered the advantages to its shareholders over a period, of holding shares of a company which would combine the stability and widely diversified earning power of the Paramount Company, a producing and exhibiting company, with that of the Canadian Company, especially in view of the possibility that other large and powerful interests may choose to enter the Canadian field as a result of their policy of amalgamation and subsequent ex-

pansion as theatre owners in fields in which their pictures are exhibited.

Paramount Famous Lasky Corporation is probably the leading film producing and exhibiting company in the world, having large and varied interests in America and Europe, and it was directly associated with the organization of the Canadian Company. Its capital and surplus exceeds \$125,000,000, and its net profits for 1929, after depreciation and Federal taxes, were \$15,544,000. It has long been recognized as a leader in the field with a highly successful history extending over many years. Its earnings, assets and the value of its stock have grown steadily from year to year.

Paramount shares are on a \$4.00 dividend basis and the shares of the Canadian Company are on a \$2.00 dividend basis. At present rates of dividend, in accepting the exchange, a holder of five shares of the Canadian Company would receive a return of \$16.00 per annum as against the present return of \$10.00 per annum. Shares of the Paramount Company, which are listed on the New York Stock Exchange, command a broad market.

There is enclosed herewith a copy of the last annual report of the Paramount Famous Lasky Corporation to its shareholders, a careful perusal of which is requested so that you may form your own opinions.

Your Directors, as well as the largest holder of shares and Voting Trust Certificates, have signified their intention of accepting the exchange. Your Directors, after consideration, feel if the exchange is made:

1. That the affairs of the Canadian Company will be carried on under the same policy and in the same progressive manner as heretofore;
2. That the return from dividends to the shareholders will be larger;
3. That the underlying assets of the larger Company with its diversity of operations tends towards increased stability as well as the possibility of enhancement in the value of the shareholdings.

If you desire to make the exchange, it will be necessary for you to endorse your share certificates or Voting Trust Certificates in blank and send the same, together with the enclosed letter, addressed to the Montreal Trust Company at Montreal, or Toronto, together with a remittance of five cents per share to cover transfer taxes. The Trust Company will effect the exchange for you, or return the certificates to you in case the exchange is not made. Paramount Famous Lasky Corporation must make the exchange if 250,000 shares of stock or Voting Trust Certificates are deposited for exchange, and may make the exchange even if that amount is not deposited.

As the time for the exchange is limited, and as shareholders electing to make the exchange will be entitled to the benefit of the accruing quarterly dividend of \$1.00 per share of Paramount Famous Lasky Corporation, payable on June 28th, 1930, it is recommended that you forward your certificates, properly endorsed, to the Montreal Trust Company as soon as possible, should you desire to make the exchange.

On behalf of the Directors of

FAMOUS PLAYERS CANADIAN CORPORATION,
LIMITED,

(Signed) J. P. BICKELL.

BICKELL'S PREVIOUS STATEMENT

"Mr. Nathanson stated to the board of directors at today's meeting that he could procure an offer for the shares of the company at \$75.00 a share from the Gaumont Co. Upon investigation the directors were satisfied that the Gaumont Co. was controlled by American Interests, therefore the board decided against proceeding further with such negotiations."

As a matter of record, the Fox Film Company hold a minority number of shares in the Gaumont British, not to exceed 28 per cent; but the Gaumont British have a ruling in their organization that no American company can secure control of Gaumont British, that none but Britishers can officiate as directors of Gaumont, and that the shares purchased by Fox cannot be voted by him, and that no American citizen, nor company can hold voting shares in the Gaumont company. Legislature also defines a British company as one controlled by Britishers, resident in British territory.

I. W. KILLAM did not want American control and advised against it, but sold his shares to Adolph Zukor.

Does it not appear that in turning down the cash offer of \$75.00 a share from the Gaumont British and

(Continued on page 14)

Sixty Dollars Cash From Canadians

\$60.00 cash a share from a Canadian Interest that Killam is favoring the American company to which he sold his shares? Does it not appear that in this stand he is taking, that he is being supported by the very directors, who refused to sell to Gaumont British, because of an alleged American control?

Killam is no doubt selling his shares to the highest bidder, for which we have no criticism if his position is ethical, and the other shareholders get a chance for equal returns, with equal advantages and equal right to exercise their judgment.

KILLAM is unquestionably, not being actuated by a present patriotic motive, he is not concerned that this important Canadian Film Company should remain under Canadian control.

He is not concerned in the power of the Canadian Screen as a national asset.

Why then is he making, what appears to be an inferior financial deal, as far as cash returns are concerned? Why is he taking a \$57.00 a share value, in an exchange for his shares (if he is taking the figure offered the other shareholders) when he could have sold his shares last August at \$75.00 cash a share, and only last week could have secured \$60.00 cash a share?

WHY was I. W. Killam willing to throw away the difference in a profit of millions for himself, and millions for the shareholders in the refusal of the Gaumont British offer?

At that period he claimed that he was moved to do this because of patriotic motives. Here are copies of his cables to N. L. Nathanson:

Montreal, June 20.

Nathanson, Carlton Hotel, London.

Are you likely to make any progress with deal you discussed with me STOP If not can you not stir up a market deal to sell substantial block of shares there as market very stagnant here.

KILLAM.

Nathanson, Imperial Hotel, Carlsbad.

Bragg has told me of earnings of first nine months and as sale of stock going very poorly here would you not recommend a dividend policy of three dollars. This would help materially sale of stock. Have you anything further to advise on London negotiations. This would also help. Please cable. Regards.

CULVER.

Culver, Royal Securities, Montreal.

Would not be in favour of increase in dividend at this time regardless of present earnings. At present nothing new to report on English deal. Regards.

NATHANSON.

Nathanson, Monceau Hotel, Paris.

Market about sixty four. Feel rather inclined against selling even at seventy-five STOP Do you not think business will steadily improve. Going Burlington tonight. Would like talk with you by telephone if you can get me at Montreal Friday morning.

KILLAM.

Nathanson, Hotel National, Luzern.

Market sixty-one narrow. Certificates fifty-six narrow. If your judgment recommends sale feel sure directors as well as myself would concur. Sorry impossible get you telephone STOP Did you cable syndicate members regarding their deliveries and extension option as per my cable fifth.

KILLAM.

Luzern, Switzerland.

Killam, Royal Securities, Montreal.

Thanks for cable. Your first cable helped. Have settled at price of seventy-five. Am returning to Paris at Hotel Raphael Wednesday. Meeting Culver there. Regards.

NATHANSON.

Nathanson.

Hammond has spoken to Godin about Sir Herberts, Andrews and Godins stock STOP Godin says there is no option therefore think you had better cable direct to them and arrange their delivery also Neills secretary in his absence speaks about some stock being taken firm. Therefore have instructed Hammond not to communicate further with anybody but would like you cable all parties arranging make their deliveries to us in accordance with option STOP Actual sales on fifty one basis just over twenty per cent. which excess we are covering from trading account leaving Syndicate holdings exactly thirty per cent. STOP Selling price all on fifty one basis STOP Will you please cable direct each party arranging extend option for three months from August fifteenth pointing out that sales temporarily suspended but will be resumed later at selling prices to be fixed by you and me STOP You can defer delivery your proportion until your return if more convenient to you.

KILLAM.

Montreal.

N. L. Nathanson, Carlton Hotel, London.

Our total sales at fifty one dollars up to last night bring sales for syndicate account up to approximately seventy per cent. so that we will want to take up further twenty per cent. stock about August tenth STOP Market yesterday listed shares advanced to fifty six. Opened this morning fifty six closed sixty two half bid. Voting Trust Certificates fifty six STOP We were taking orders until this morning at fifty one for Voting Trust Certificates and I had all branches telegraphed cutting off further sales entirely as I felt it would be too difficult to fix selling price for salesmen offering until market settles down meantime will not sell any shares for Syndicate and Royal Securities will temporarily carry on trading market buying and selling independent of syndicate STOP If market advances further do you think we should start selling again for Syndicate account STOP We cannot understand what has caused market activity although announcement regarding earnings probably helped STOP Please call me by telephone Monday morning if convenient and if anything to tell me.

KILLAM.

Le 19 Aout, 1929

Killam, Royal Securities, Montreal.

My cable re Voting Trust party in New York will communicate with you by telephone suggest if necessary that Symington go to New York to see him to arrange situation STOP What they require is to be assured that upon purchase of shares they will be able to secure undisturbed control voting trust STOP As this is Symington's own agreement presume he has method to deal with this.

NATHANSON.

Nathanson, Hotel Raphael, Paris.

Symington agrees my opinion might give Attorney under Voting Trust Agreement but would not be ethical STOP Agreeably surprised find fourth quarter rivals first therefore feel strongly we should await result first quarter new year before attempting decide value shares.

KILLAM.

le 20 Aout, 1929.

Killam, Royal Securities, Montreal.

Advisable have Symington phone S. E. Rogers New York telephone number Wickersham 1000 or Columbus 3320 make satisfactory arrangements voting trust STOP If necessary Symington should go to New York to meet him STOP My suggestion would be that you and I agree to vote as directed by purchasing corporation STOP If can get good price and make sale for all shareholders think we should make deal STOP regardless of good earnings now feel that this is time to sell STOP Am anxious to obtain best possible price for my shareholders but do not want to prejudice their interests by being unreasonable STOP leaving Wednesday London New Grosvenor House there will phone you Wednesday four oclock Montreal time.

NATHANSON.

Nathanson, Hotel Raphael, Paris.

Culver wires you are negotiating with Fox. Am willing negotiate reasonable deal with British company. Control by Fox would be contrary prospectus and advertisement.

KILLAM.

Killam, Royal Securities, Montreal.

Cannot understand your wire today. Advised you on phone from London negotiating with Gaumont. Fox have substantial interest and would have to approve any deal STOP

(Continued on Page 15)

Killam's Patriotism On and Off!

My intentions at all times were to get best terms possible and place before directors for final decision STOP Negotiated only after your suggestions over telephone and also your wire of August tenth STOP In interest of shareholders believe matter should go before Board. Cannot make further progress on account situation re Voting Trust. Please advise.

NATHANSON.

Nathanson, New Grosvenor House, Park Lane, London.

Discussed matter with Zukor today. We agree transaction cannot be considered.

KILLAM.

Killam is here intimating that he was told the Gaumont British was under American control; and yet he was the largest individual shareholder in the Provincial Cinematograph Company which was sold to the Gaumont British, in fact, Killam owned the Standard Film Co., which controlled the P.C.T. of Great Britain.

KILLAM killed the Gaumont British deal, losing close to several million dollars for himself, and millions for the minority shareholders because he desired to stand by the prospectus and Voting Trust Agreement, because he was not in favour of selling to American Interests.

Killam, last week, according to his statements, turned down an extra profit on the sale of his shares of several hundred thousands, and an offer from Canadian Interests, preferring to lose this profit in order to sell to American Interests.

WHAT the Protective Association of Minority Shareholders is interested to discover is why Killam, as a member of the Voting Trust, and director of the Canadian company, was willing to lose several millions in August of 1929 for patriotic reasons, and why in April of 1930, he ceases to be worried by this phase of American control and loses hundreds of thousands, in making an American deal, rather than to sell out to Canadian Interests?

IS KILLAM a poor business man for himself and the company, or is he a good business man for himself, and a poor one for the minority shareholders, or a poor business man for himself, and a good manager for the shareholders, in that he loses that they should gain? It looks as if Killam is a good business man for himself for he secured 30,000 shares for himself at \$25.00 a share, making over \$1,000,000 on this transaction alone! The minority shareholders, what did they get? Killam is seeing to it that they are "getting theirs," but its not in money. What would minority shareholders do with a cool million profit? That is for privileged shareholders, like Killam.

Killam talks a great deal of loyalty, of patriotism. Is he loyal to certain American Interests, or to the shareholders of the Famous Players Canadian Corporation?

Is he patriotic, or is he not?

IF A MAN is judged by his works then it appears that Killam has made the supreme sacrifice of profits last August, in loyalty to a Canadian ideal, the sacrifice of millions to be loyal to certain American Interests. But a man's patriotism and loyalty should be consistent.

Read the many telegrams which passed between N. L. Nathanson and I. W. Killam; and which supported the sale of the Canadian Company to Gaumont British, and form your conclusions as to I. W. Killam's motives in his contradictory and confusing sense of loyalty and patriotism. What is his motive in this proposed sale?

WE CANNOT ask Killam any questions, since he left for Europe, to be gone for an indefinite period, the day after he agreed to sell his shares to the American company.

It has been stated that there will be no meeting of the shareholders to consider the American offer, therefore we will not be able to ask the other directors any questions, reminding them of what they said at the last annual meeting.

Read the report of the last general meeting of the shareholders, and note that Adolph Zukor stated that he knew of no negotiations between Nathanson, and Killam for the Gaumont British Company. Was Killam loyal to Adolph Zukor in not reporting what was transpiring?

Stenographic Report Taken at Tenth Annual Meeting of the Shareholders, August 31st, 1929.

"The Secretary read out a resolution that the Board of Directors be elected, and that the two vacancies be filled, in accordance with the discretion of the directors.

Arthur Cohen's report on management, which was optimistic, followed. He said that during the 39 weeks which had followed the close of the annual year on 31st August, the business of the Company had doubled. This he said would not likely be maintained because of the slack seasons, and also because of the temporary depression. Most of the houses were now equipped with talking picture apparatus, so that the increases which they occasioned, could not be maintained. It was the introduction of the talking picture equipment which explained the "increases." He concluded by asking for Questions.

Arthur Roebuck arose on the question and said that a number of shareholders whom he represented were concerned as to the future of the Company.

He understood that an offer of \$75.00 per share had been made to the directors of the Company and had been refused by them. He wanted to know whether this was correct, and if so what was the reason for the refusal, for he understood that the shares were selling for a good deal less than \$75.00 per share.

The Secretary asked whether the speaker was a shareholder.

ROEBUCK: "Certainly I am, or I would not be here, and I represent others who are also interested."

ADOLPH ZUKOR: "No offer to purchase the assets of the Company has ever been presented to the Board of Directors."

ROEBUCK: "Well, has such an offer ever been presented to the members of the Voting Trust?"

SYMINGTON: "The question is out of order as this is a shareholders meeting, and the Voting Trustees have nothing to do with the meeting.

"There are shareholders here who are not concerned with the voting trust."

ROEBUCK: "I am putting my question to Mr. Zukor as President of the Company, and not as a member of the Voting Trust. As a director he had a duty to perform to the shareholders, and anything which he did, which affected them, may be enquired into here, irrespective of the capacity in which the act was done. I am surprised that anyone holding the position of a director would attempt to hide behind a mere capacity."

ZUKOR: "I do not have to answer your question, but I will tell you that no offer was ever made to me."

ROEBUCK: "Will you say the same for Mr. Killam?"

ZUKOR: "No, I am not answering for Mr. Killam."

ROEBUCK to Mr. Killam: "Will you say that no offer was made?"

I. W. KILLAM: "No offer."

ROEBUCK: "I have read in the papers the clearest statement, made by Mr. Nathanson, that an offer, or an intimation of an offer was made to the Board of Directors, or the Voting Trust."

KILLAM: "Mr. Nathanson's statements are untrue."

MR. SYMINGTON: "I move this meeting be adjourned, it is all out of order, with no stenographer present to take down what is being said."

ROEBUCK: "Bring in the stenographer. By all means call for a stenographer."

(Continued on Page 16)

The Contradictory and Conflicting Statements Made By Directors

To Questions at 10th Annual Meeting Shareholders of the Famous Players

KILLAM: "If you have any questions to ask, put them in writing."

ROEBUCK: "All right Mr. Secretary, please take this down: Mr. Roebuck asked the chair if at any time an offer, or an intimation of an offer was available at \$75 per share, or any other price, whether received by the members of the Voting Trust, and if so, is Mr. Nathanson's statement true that both, or either of his fellow Trustees stated that such an offer would not be entertained?"

ZUKOR: "Mr. Nathanson's statements are untrue. The proper way to submit an offer is to put it in writing."

Cohen: "If Nathanson had such an offer why did he not present it?"

"If there had been any such offer it would have been recorded at the meeting."

ROEBUCK: "Are the minutes of the meeting here?" (To the Secretary): "Where are your minutes?"

SECRETARY BRAGG: "It isn't in the minutes; it's in my memorandum."

ROEBUCK: "Let's have the memorandum."

BRAGG: Reads memorandum which stated that there had been a question of sale of the Company to the Gaumont British Company.

ZUKOR: "If Fox wants to buy at \$75 why does not Nathanson submit the offer?"

"And let the directors deal with it. Call a meeting of shareholders, and let the voting trustees refuse it if they dare."

Another motion to adjourn was made by Strachan Johnston.

ZUKOR (to Roebuck): "I have told you and I tell you again, and will you not accept it from me that I have no knowledge that Mr. Nathanson was negotiating with the Gaumont or any other company for a sale."

ROEBUCK: "Do you mean to tell me that you did not know that there was a deal being negotiated?"

ZUKOR: "No, how should I know?"

ROEBUCK: "Did you not get this information from Mr. Killam?"

ZUKOR: "I refuse to answer."

ROEBUCK: "Was there any discussion between you, and Mr. Killam as to the disposal of his shares or of your shares?"

A SHAREHOLDER: "This is not the place to discuss questions of interest to shareholders. This meeting is for company business."

Further motion to adjourn.

ROEBUCK: "This is very confusing. The newspapers print statements of negotiations and one of the directors resigns, and you tell me that it is all out of the blue."

KILLAM: "You will find the facts all stated in some newspaper on Sept. 22nd."

ROEBUCK: "Then there was something to this. The newspapers were not getting this out of the void."

KILLAM (to Roebuck): "If you have any questions with regard to the voting trustees, and will write me, I will be glad to answer you."

It was again called to the Chairman's attention that there was a motion to adjourn.

MRS. SMITH: "I'd like to ask a question. If an offer was made to the voting trust, would it be their duty to submit it to the Board, and would it be their duty to submit it to the shareholders?"

COHEN: "That would be the natural thing to do."

MRS. SMITH: "Oh Arthur, you know better than to make an answer like that. (Laughter)"

To Mr. Zukor: "It is quite possible that you did not know about the negotiations, but Mr. Killam certainly knew about them."

KILLAM: "I knew nothing of negotiations."

MRS. SMITH: "If you knew nothing about the negotiations, why did you cable Mr. Nathanson to go ahead with the proposition as discussed by you prior to his sailing for England?"

"A proposition which you suggested he put through at \$70.00, and then, when the deal was put through at that figure, you cabled that you ought to get \$75.00; and he cabled that he did not think he could put the deal through at that figure. Why did your Mr. Culver say, if Mr. Nathanson could not put it through at \$75.00 to try and make a sale of a block of stock?"

(Continued on Page 20)

WHAT HAS made Killam have a "change of heart," or a consciousness of a conscience in the matter?

How would he be able to defend his patriotic excuses given to the questioners at the last general meeting? It looks as if he does not dare to "face the music," but has left the other directors to stand the inquisition of public opinion.

Minority shareholders might like to ask Killam, if it is true that he received \$100.00 cash for his shares from the American company?

Minority shareholders are asked by the Protective Association TO HOLD THEIR SHARES UNTIL THE MEETING, WHEN THE FACTS CONTAINED HEREIN AND OTHER IMPORTANT FACTS PERTAINING TO THE PROTECTION OF THEIR INVESTMENT AND ITS PROFIT ARE PRESENTED!

THERE have been so many contradictory statements made by officers and directors of the company, who appear to be fighting something out between themselves, with the Minority Shareholders, "holding the baby," that these "Wet Nurses" for Famous Players Canadian Corporation should know how their investment is being protected and secured. Even a minority shareholder has some rights in a Limited Company.

MANY invested in the Famous Players Canadian Corporation, through patriotic as well as commercial interests. They gave their money to build up a Canadian Enterprise, which at its most profitable era is being handed over to an American company, in which they have no interest, nor investment.

Minority shareholders will be interested to know why the offer of Gaumont British was not submitted to them, and the offer of \$60.00 cash a share by Canadian Interests was not submitted also?

Minority shareholders will be interested to know just what this exchange of shares with the American company signifies?

THE American company claims it is not purchasing the assets of the Canadian Company, merely exchanging a minimum of 250,000 shares, which is a majority by a healthy margin.

Minority shareholders might like to ask if in the purchase of the controlling interest of a company, that proportion of assets, as represented by the number of shares sold, does not go to the purchaser?

THE SALE of this Canadian Enterprise to American Interests, despite a Voting Trust agreement to remain in force until 1939, whereby Voting Trust shares are to remain under Canadian control, the contradictory statements made by various officers of the company, directors appear to be governed solely by some form of politics; and do not appear to be consistent with the interests of the shareholders. Needless to state they do not inspire the confidence of the public at large, or those shareholders who are not "wise"; and who appear to have nothing to say while those who are in control play chess with their investments, using these as Pawns. Someone is capturing a King and Queen, who is it?

Those who cannot attend the General Meeting of the Minority Shareholders, on Thursday, May 15th, are requested to fill in the proxies mailed to them, and return same to Arthur Roebuck, solicitor for the Protective Association of the Minority Shareholders, 11th floor, Sterling Tower, Richmond and Bay Sts., Toronto.

Financial Post Report--A Famous Deal

dends. However, a protective committee for shareholders has already been advertised by Arthur W. Roebuck, solicitor, who is believed to be acting already for several large shareholders. It is likely they will ask for full details of earnings since August 31 last, claiming that, as things stand, the proposals are both against public interest and not as good as Canadian shareholders have a right to expect.

Takes Control From Canada

From the standpoint of the public interest, it is pointed out that few have had time to forget that much of the outstanding stock and voting trust certificates were distributed with a fanfare of trumpets accompanying the announcement that this represented control being brought to Canada, that the largest owner and operator of moving picture theatres in Canada was thus taken from foreign control and that the character of films shown would probably respond to this situation. Shares held by Paramount Famous Lasky Corporation to the extent of 165,375 common shares were placed in a voting trust until March 6, 1939, and distribution to the Canadian public made by means of voting trust certificates. The actual voting was to be done by three trustees, Adolph Zukor, I. W. Killam and N. L. Nathanson, a device which secured control to Canadians understood to be friendly to Paramount Famous Lasky Corporation. The offer by British Gaumont of \$75 a share for Famous Players Players Canadian Corp., shares, brought back from England last year by N. L. Nathanson, and the latter's expectation that I. W. Killam would vote with him the voting trust shares in favor of acceptance, has evidently made Adolph Zukor, president of Paramount, realize sharply that the situation is capable of future developments which might endanger Paramount's dominating position in supplying the Canadian company with films. It is argued that though this may be a good reason for Paramount to make the offer, it does not change the Canadian interest to keep the exhibition of moving pictures in Canada under Canadian control.

Famous Players Earns Most

Directors advocate acceptance of the offer by shareholders, among other reasons because Paramount-Famous-Lasky Corporation pays \$4 dividends and Famous Players Canadian Corporation only pays \$2 dividends. It is true that this means, as stated by the directors in their letter to shareholders, that the Canadian shareholder by exchanging five shares for four shares of Paramount would get \$16 in dividends. But they do not point out that Famous Players Canadian earned in the year ended Aug. 31, 1929, \$31.20 on five shares, while Paramount earned only \$25.36 on four shares in the year ended Dec. 31, 1929.

The offer from Paramount, signed by Adolph Zukor, president, says definitely "This offer is made upon the basis of the consolidated balance sheet of your company as of August 31, 1929, which has been exhibited to us, and upon the understanding that there have been no changes except such as occur

in the ordinary and customary transaction of the company's daily business, and that no changes will occur after this date and prior to said 5th day of June, 1930, except in the ordinary and customary transaction of the company's daily business."

The year ending August 31, 1929, only showed part of the effect of the installation of sound equipment in the principal theatres. At the end of six months Famous Players Canadian showed only \$2.20 earned, according to published reports, whereas earnings for the year were \$6.24 a share. The first quarter of the fiscal year, ending November 30th, 1929, is understood to have earned the whole annual dividend of \$2 and shareholders certainly expect annual earnings for the year ending August 31, 1930, to be \$8 a share. Estimates for the first six months have run from \$4 to \$5 a share whereas the first quarter's earnings of Paramount for 1930 showed \$1.79 a share, or at the rate of \$7.16 a share annually. Thus, if current reports are true, earnings since August 31st last have been at a higher rate for Famous Players Canadian common stock than for Paramount common.

At that rate it would appear that in the absence of cause being shown to the contrary the offer would have had better chances of acceptance by Canadians if it had been a share for share offer. It is true that value in both net tangible and intangible assets as shown on the respective balance sheets give greater value to Paramount's

stock share for share than to Famous Player's common but earning power is a dominant consideration in determining values and on that ground many Canadian shareholders would rather stay with the Canadian company and have their shares advanced in value with the progress of the Company.

Paramount Expands

At the annual meeting of Paramount recently it was decided to have the name changed to Paramount Publix and to increase the capital stock from three to four million shares. The exact reason for the increase was not stated at the meeting though questions were asked, but the acquisition of Famous Players was evidently one of the coups in mind. Other theatre chains are also being sought, and it is possible that some of this expansion would bring offers of "rights" to shareholders. The Company has had a highly successful history with assets, earnings and working capital steadily expanding. It is a world company as well, with interests in Europe, and there is a steady market for the Company's stock.

Famous Players Canadian, however should do well whether controlled by Paramount or not. Some claim that, if not controlled, it would still buy from Paramount exceptional films but that the freedom to buy wherever it liked would assure it even a better choice of films than it has now.

Hints at Powerful Competition

A good deal of gossip has been excited by the following paragraphs from the letter of J. P. Bickell, vice-president of Famous Players, in recommending the acceptance of the offer:

"The recent developments in the moving picture industry have been toward the concentration of film production into the hands of a few large companies, with these large producing companies acquiring substantial interests in the theatre companies in which their pictures are exhibited. In reviewing this offer, your directors have considered the advantages to its shareholders over a period, of holding shares of a company which would combine the stability and widely diversified earning power of the Paramount Company, a producing and exhibiting company, with that of the Canadian company, especially in view of the possibility that other large and powerful interests may choose to enter the Canadian field as a result of their policy of amalgamation and subsequent expansion as theatre owners in fields in which their pictures are exhibited.

"Paramount Famous Lasky Corporation is probably the leading film-producing and exhibiting company in the world, having large and varied interests in America and Europe, and it was directly associated with the original organization of the Canadian company. Its capital and surplus exceeds \$125,000,000, and its net profits for 1929, after depreciation and Federal taxes, were \$15,544,000."

This threat of keen competition is certainly a real one. Whatever group Famous Players Canadian may have had in mind, it is quite likely that N. L. Nathanson, former general manager of Famous Players Canadian, will establish before long an \$8,000,000 chain of theatres in the chief cities of Canada. It is true that the concentration of film production has led to keen competition in acquiring theatre chains to assure a market for films produced. The exhibition of pictures has been the most profitable end, however, recently and before the event shareholders should not be asked

(Continued on Page 18)

Famous Players Expanding Chain

From Our Own Correspondent

MONTREAL.—While plans for the Montreal theatre of Famous Players Canadian Corporation have been delayed, it is understood that good headway has been made with the drawings for the new Toronto unit. Construction is expected to begin shortly.

This theatre is expected to be the largest in Canada and will incorporate all the most modern ideas which have been conceived in theatre design.

The company is undertaking further expansion. In Chatham a theatre has been bought from private interests, while a new unit is being erected at Galt. Through a subsidiary a new house is being built in North Toronto while Famous Players theatres are under construction in Sudbury and Halifax. A property has been purchased in North Vancouver and it is probable that a theatre will be erected on the site at a later date.

It is estimated that about 75 per cent of Famous Players theatres are equipped with sound installations while the company is steadily increasing the number.

Financial Post Report--A Famous Deal

to accept less than present earnings warrant. A shareholders' protective committee has been formed to ask for more information before accepting the proposals made. Mr. Nathanson, who still owns a heavy block of Famous Players Canadian shares is currently reported to be active in this committee but if so it is as a silent partner.

Offer is Good to May 25

The main details of the proposals of Paramount were given last week. They are repeated here along with the additional details given in the official offer and covering letter signed by J. P. Bickell, vice-president of Famous Players Canadian Corporation.

Paramount offers four shares of its stock for five shares of Famous Players. Fractional rights in Paramount shares would be adjusted at the rate of \$75 a share or at the closing sale on May 24th or the day before the date when such holders' stock is accepted in exchange. Deposit has to be made with the Montreal Trust Co. at Montreal or Toronto on or before May 25. Paramount is not obliged to make good its offer unless 250,000 shares or voting trust certificates are turned in. If this minimum is deposited it shall be made on or before June 5.

In recommending the offer officials desire to emphasize that this is not a sale of assets, and that each individual holder of common stock or voting trust certificates can exercise his own discretion as to whether or not he desires to exchange his stock or not. They state that affairs of the Canadian company will be carried on under the same policy and "in the same progressive manner as before," that the dividend return will be larger, and "that the underlying assets of the larger company with its diversity of operations tends towards increased stability as well as the possibility of enhancement in the value of shareholdings."

Those making the exchange will be eligible for the quarterly dividend of \$1 payable in June in the Paramount stock.

Views Diverse On Paramount Offer to Buy

From Our Own Correspondent

MONTREAL. — Competition is the bugbear. At one time N. L. Nathanson, former operating head of the company, and the Fox interests of the United States, were reported as about to set up a competitive chain of theatres. With the setback of the Fox organization, plans were apparently postponed.

One group interested in promoting the present deal, however, says that the company has been threatened with competition, but cannot say what form the competition will take nor when it is likely to happen. This same group also says that the Canadian company is particularly vulnerable to competition

and that the shareholders' interests would be better protected by linking up with Paramount.

On the other hand, if one of the large American producers decided to enter the Canadian field, it is doubtful if the fact that Paramount was already here would make any material difference. Further, it seems generous of Paramount to relieve the Canadian shareholders of the fear of competition.

While admitting that the bogey of competition is ever present, it does not necessarily follow that the shareholders should get panicky and run for shelter under the protecting arms of Paramount.

Benefits to Paramount

There are two angles from which to look at the present situation, namely, that of Paramount and that of the Canadian shareholders. In the first instance Paramount will not widen its markets for its films in this country. It is understood that the Canadian chain is using all the pictures that the American producer supplies.

Further, Paramount has a 20-year contract, expiring in 1939, with the Canadian company, which assures a profitable market for its pictures.

In exchange for a stock paying a \$2 dividend, Paramount offers a stock paying a dividend of \$3.20, a difference of 60 per cent.

Once Sold Control

It will be recalled that about a year ago, Paramount-Famous-Lasky Corporation had control of the Canadian company. This stock was purchased by Canadian bankers and sold to the Canadian public at \$51 a share as voting trust certificates, the statement being made at that time:

"Control of the company is assured to Canada through the purchase of common stock previously held by American interests."

The question naturally arises that if Paramount was willing to sell this stock at the time why should it be willing to take back the stock at a higher level, especially as it already has the Canadian market for its films. Adolph Zukor, president of Paramount and a trustee of the Canadian company, is said to have been induced to part with the stock on the plea that Canadian ownership of the company would help business. In disposing of this block of stock, however, the voting trust was set up in order to protect contract between Paramount and Famous Players.

From Canadian Angle

Several points are brought out in considering the offer from the point of view of the shareholder in Famous Players Canadian Corporation. The argument that stock of the American company has greater possibilities because the company is a producer and exhibitor, is regarded as not overly strong.

A telling argument in favor of Famous Players always has been that it is not a producer but an exhibitor. It is generally known that the production of pictures is fraught with considerable speculation. Large sums of money are spent on mak-

ing a film and it is largely a hit and miss affair whether the producer makes any profit on his venture. It is a decidedly risky business.

Undoubtedly the Canadian company would suffer seriously from competition on a big scale. But there is no certainty that a competing chain of theatres will be set up. Further, if such competition sets in, with Paramount in control, the parent company would suffer, though it would admittedly be in a better position to withstand any ill effects.

Value of Exchange

In dollars and cents the exchange would be only fair for the shareholders of Famous Players. Whether the American stock will show greater enhancement in value in the future, as compared with the Canadian stock, is a question which no one can decide at this moment. Looking at the exchange as it is at the moment the following table is worthy of study (figures based on last annual statement):

	On a Share Basis		Basis of Exchange
	Canadian	American	
Earnings†	\$6.24	\$5.79	\$4.75
Book value†	26	40	32
Dividend	2	4	3.20

†Based on outstanding shares at the end of the company's fiscal year: Dec. 31, 1929, for the American company and Aug. 31, 1929, for the Canadian company.

*Inventories carried at \$20,564,395, have an indefinite value. They are included in this estimate.

Would be Higher

In the circular sent to shareholders it is said that earnings per share in 1929 of Paramount Famous Lasky Corporation were equal to \$6.36 on the average number of shares outstanding during the year. On the same basis, share earnings of the Canadian company would be larger. But for purpose of comparison, share earnings as shown above were worked out on the number of shares outstanding at the end of the financial year.

The same statement applies to the book value of the shares. It is interesting to note that on a share for share basis, the American company has a higher figure, but on the basis of the exchange, namely five shares for four, the Canadian stock shows a book value \$6 higher than at present.

Another point brought up at present, is why the directors of Famous Players should recommend this deal in view of the reported offering of a larger price for the stock. Last September N. L. Nathanson stated that he had an offer of \$75 a share from British Gaumont Company. Owing to a disagreement over this matter with the other voting trustees, Mr. Nathanson resigned his position as managing director.

First Definite Offer

At the time and since it was definitely stated that no offer of the British Gaumont Company had ever been put before the directors of Famous Players. It is generally believed that the British Gaumont Company was ready to go ahead with its offer, but, officially, no offer was ever received.

Another story, this one emanating in Toronto, is that of late a Canadian group offered \$60 a share (Continued on Page 19)

Financial Post Report-- A Famous Deal

for Famous Players stock. The Financial Post is informed that no offer of \$60 or any other price has ever been received by the directors from a Canadian group.

The present offer from Paramount-Famous-Lasky Corporation, therefore, is apparently the first offer that has been made for control of the company in the past twelve months, or since that company sold its controlling interest to the Canadian bankers.

It now remains for the shareholders to decide whether or not they accept the offer of the American company. Royal Securities Corp., banker for and one of the largest shareholders in the company, has signified its intention of accepting the exchange of shares. The directors are of the same mind. Other shareholders will have up to and including May 25, 1930, to make the exchange of stock.

Nathanson Asks Why Early Offer Is Not Accepted

N. L. Nathanson told The Financial Post that he had not had time to study the offer of Paramount-Famous-Lasky Corporation so as to indicate his exact position, as a shareholder, toward it. He thought however, that shareholders should know that an offer was made to I. W. Killam of Royal Securities, for his shares in Famous Players Canadian Corporation at \$60 a share just before he went to New York and concluded the arrangement with Paramount, an agreement which shows only \$57 for Canadians at present market levels.

"You were managing the company when control was said a year ago or more to have been brought to Canada. Why should it be going back to New York?" Mr. Nathanson was asked.

"Control did come to Canada then," he replied. "Later I made arrangements which would have given control to Great Britain and have provided British producers with a Canadian market which would have helped production in the British Isles very much. That was ignored. I think this offer and the \$60 offer also should have gone to shareholders to let them decide. It seems to me that the interests of the shareholders are certainly not the first concern of those who ignore such offers."

Maitland Open For Business

The Maitland Theatre, opened its doors to the public, at Ingersoll, Ont. The house was packed and the feature presentation, "The Desert Song," received a great send off.

The house is equipped with a Magnascope and the best in Talking equipment. It is built fire-proof throughout.

Western Canada Interest In Mining Films

(Special to Digest from Winnipeg)

There has been such a demand in Western Canada for the motion picture films produced by the United States Bureau of Mines, that are available for loan from the Geological Survey, Department of Mines, Ottawa, that it has been impossible to fill all the orders. During February and March of this year, 20 reels were viewed by over 7,000 persons in Canada, from the Atlantic to the Pacific.

These motion picture films are available for loan to branches of the Canadian Institute of Mining and Metallurgy, and branches of other technical and engineering societies, educational institutions and service clubs, on condition that the borrower pays express charges.

Coleman Corrects Mis-Statements

The Coleman Electric Company wish us to state that rumors have circulated back to them to the effect that certain persons have found it necessary to get the hammer out, in reference to their Baldwin Amplification. Who the particular persons are is not significant, since a very small person in either stature or principles can circulate many false statements. The statements are important however since they are so inaccurate, namely, that the makers of the Motiograph Sound Projector found it necessary to make their own Amplifier before they could get good results from their Projector and that this Amplifier sells at around \$8,000.00 in Chicago.

The Coleman Electric Company wish to take this opportunity of correcting such mis-statements by stating emphatically that the results on Baldwin Amplification fully justify the use of the latter apparatus as proven in the Paulton Theatre, Toronto, and that further, if any customer wishes to do so, he can buy the Motiograph Amplifier from either the Coleman Electric Co., Toronto, or the makers in Chicago for the sum of \$1,000.00. This latter statement may be verified by writing to the Enterprise Optical Mfg. Co., 564 West Randolph St., Chicago, Ill., U. S. A., makers of the Motiograph Amplifier.

New Capitol, Halifax

The construction of the new Capitol, Halifax, is proceeding rapidly, the office space section having been already housed in.

New Dreamland Barrie Has New Management

The New Dreamland, Barrie, Ont., has been taken over by Sam Russ, owner of the Gaiety Theatre, Collingwood, and John Saso, a local fruit merchant.

The previous manager, Jack Shappell, has been forced to give up the house owing to ill-health.

The new management will install complete new talking equipment and plan to make several alterations and improvements.

Star Weekly Reports Famous Opposition

The Star Weekly of April 19th, reports that "the proposal to merge Famous Players Canadian Corporation with Paramount Famous Lasky Corporation is already meeting with opposition from some of the minority stockholders. Directors of the Canadian Corporation met this week and decided to recommend to stockholders that the offer of the American company to exchange five shares of Famous Players Canadian for four shares of Paramount Famous Lasky be accepted. Opposition is being taken on two grounds, first it means the reverting of control of this large Canadian theatrical organization to the United States, and secondly, the price is not as good as that offered for control some months ago by British Gaumont of \$75.00 a share cash."

Mayor W. J. Moffat Congratulates Capitol

Mayor W. J. Moffat of Kamloops, B. C., congratulated the management of the Capitol on the appearance of the theatre which was opened on Wednesday, April 9th. Extensive alterations and decorations have been made, virtually making a new house of this theatre.

The Mayor conveyed the congratulations of the citizens to the Famous Players Canadian Corporation, to R. E. Berry of the executive, and M. P. Wetherell, local manager.

"The Rainbow Man" was the opening feature. The house is equipped with Talking Equipment.

Differences of opinion between Winnipeg theatre exhibitors and the motion picture operators regarding new regulations held desirable for the motion picture theatres of Winnipeg because of the introduction of "talkie" apparatus, caused a lively meeting of the Manitoba Motion Picture Board, April 22, at the legislative buildings. Edward McGrath, Provincial Labor Commissioner, presided. No decision was reached for the present.

Directors Affirm and Deny Gaumont British Negotiations

At 10th Annual Meeting of Shareholders

(Continued from Page 16)

To Mr. Zukor: "You may have been perfectly innocent of this, and were not aware of proceedings, but Mr. Killam knew what was going on and what made him change his mind after he started Mr. Nathanson going?"

WISEMAN: "This is all very entertaining, but it has nothing to do with this meeting."

MRS. SMITH: "I did not come here as a performer, but as a minority shareholder, and I want to know if they have any rights, or if we are just a football. There is something rotten in the state of Denmark and I can smell it here. If there was no sale, why did Mr. Nathanson resign? A man does not work for a company for 15 years and then resign for nothing."

MRS. SMITH (to Zukor): "Would you be in favour of a sale of the Company at \$75.00?"

ZUKOR: "Yes."

MRS. SMITH: "One American is as good as another. Would you make an offer of \$75.00?"

Uproarious laughter.

There was no reply and someone again suggested adjournment.

MR. McCARTHY: "I represent Mr. Nathanson and I want to ask some questions. If there were no negotiations for a sale why did Mr. Killam cable to Mr. Nathanson:

"Discussed matter with Zukor to-day. We agree transaction cannot be considered."

Symington declared the question was out of order and asked for a ruling. The chair ruled that it was out of order.

The chairman ruled that the question was out of order.

McCARTHY: "What was the transaction referred to in this cable?"

ZUKOR: "That is none of your business."

McCARTHY: "Will Mr. Killam tell why he and Mr. Zukor would not go on with this transaction?"

KILLAM: "Because it was crooked."

McCARTHY: "You say it was a crooked transaction?"

KILLAM: "Yes."

McCARTHY: "Will you guarantee that the shareholders will receive at least \$75 per share?"

ZUKOR: "Go ask the banks."

COHEN: "The shares may go to a hundred."

Mr. Killam made a speech tracing the history of the company and giving credit to Mr. Zukor for its success. He concluded by moving a vote of thanks to him and all the other officers and directors.

This was seconded in a further complimentary speech in which the shareholders referred to the impertinence of the questions which were asked.

ROEBUCK: "I am one of those who has been referred to as impertinent, and I am going to be even more impertinent. I will be very glad to vote for this vote of thanks if just one point is cleared up. It is the crux of the whole situation. I am sure I do not know whether there was an offer, or whether it was refused, or what happened, and I suppose we must leave it to the directors and trustees and take their word for it, even when they will not tell us what took place. But the crux of the whole situation is whether you were acting bona fide. Will you assure me that there was not at the time of the negotiations, nor now, any arrangement, agreement or understanding between Mr. Killam and you, Mr. Zukor, affecting the Company, its contract, or the sale of the shares, or the sale of his shares to you?"

Zukor made a long reply stating how much he had done for the company.

ROEBUCK: "That is fine, but it does not answer my question. What were the relations between you when these negotiations were in progress and now? Was there any arrangement, agreement or understanding?"

ZUKOR: "None whatsoever."

ROEBUCK: "Will Mr. Killam say that?"

ZUKOR: "As chairman I refuse to let you ask him that question."

Killam made some further references to the history of the Company, and to Mr. Zukor, whom he said had always promoted the interests of the shareholders, and he instanced the fact that when Mr. Nathanson was going to England to negotiate the deal with the Gaumont British, Mr. Zukor had given him a letter of introduction which would be of service to him.

ROEBUCK: "Wow."

MRS. SMITH: "I thought Mr. Zukor knew nothing of the negotiations."

There was a general hubbub and someone shouted to adjourn.

Mrs. Smith recalled the motion to vote thanks.

"I want to apologize to you, Mr. Zukor, for a statement I put in The Digest: 'What did Zukor do to Killam, as I am quite satisfied you did not know anything about the negotiations at the beginning.'"

ZUKOR: "I accept your apology, Miss Lewis."

MRS. SMITH: "What I should have said is, 'What did Killam do to Zukor?'"

MRS. SMITH: "After Mr. Zukor gave the letter of introduction to Nathanson, why did you change your mind?" (to Killam.)

KILLAM: "Because I found out that the Gaumont British was Fox controlled."

SMITH: "The Gaumont British deny this, who told you Gaumont British was Fox controlled?"

KILLAM: "Lord Beaverbrook told me."

The meeting broke up without voting on the vote of thanks.

OFFERED \$60 A SHARE FOR FAMOUS PLAYERS

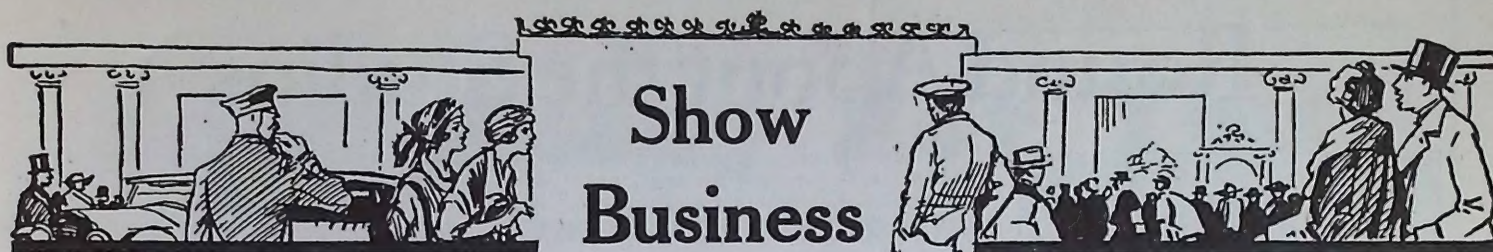
N. L. Nathanson Says Cash Offer Made by Canadian Group.

The following letter has been received by The Star from N. L. Nathanson, former managing director of Famous Players Canadian Corporation:

"In connection with the offer of exchange proposed by Paramount Famous Lasky Corporation of New York, for shares of the Famous Players Canadian Corporation Limited, on a basis of five shares of the Canadian company for four shares of the American company; which, with the present quotations of the American company's stock would give a value of approximately \$57 per share to the Canadian shareholders; I believe that shareholders of the company should know that an offer of \$60 cash was made to Mr. Killam for his holdings in the company, and in the event of his acceptance, a similar offer was to be made to all other shareholders, by a group prominent in Canadian financial affairs, who intended to retain control of the business and company in Canada. This offer was made on the 8th of April, several days previous to the date on which Mr. Killam agreed to accept the terms of the American company in their offer to the Canadian shareholders.

"I was not a party to the arrangements made by Mr. Killam with the American company, nor was my approval asked for, as it did not come before the voting trustees.

"I have always taken the position that shareholders should be fully consulted in such matters, and shareholders may well ask Mr. Killam why they were not given the privilege of accepting or refusing the \$60 cash offer made by the Canadian syndicate, and why they are being asked to accept only an exchange of shares in the American company."



A good advertising gag has been secured by P. J. Nolan, proprietor of the Avalon Theatre, a picturesque house in Ottawa. When street cars approach the intersection where the theatre is located, the conductors call out "Avalon Theatre" instead of the name of the street.

Two Ottawa officers of organized theatre employees are booked to attend the annual convention of the International Alliance of Theatrical Stage Employees at Los Angeles in May. One is William Hartnett, business agent of Local 257, Projection Machine Operators Union, and the other is Romeo Marcil, secretary of Local 95, Stage Employees.

Famous Players Canadian Corp. will shortly absorb United Amusements, Limited, Montreal, which operates 20 modern theatres in the Province of Quebec, it is announced. Famous Players already owns a majority of the common stock and United Amusements has been classed as a subsidiary. The absorption will bring the Quebec company under direct control in the matter of organization, policy and advertising.

The Canadian Government has announced that 7,000 persons in Canada viewed the films produced by the United States Bureau of Mines and loaned for use in the Dominion, during the past two months. Twenty films are available for technical, engineering or educational organizations in Canada and distribution is made by Dr. W. H. Collins, director of Geological Survey, Canadian Department of Mines, Ottawa.

Manager W. P. McGeachie of the Algoma Theatre, at Sault Ste. Marie, Ontario, hit upon a novel newspaper advertising stunt for the presentation of "The 13th Chair." The usual newspaper display had a blank space in place of the title of the attraction. Readers were

asked to hold the newspaper up to the light whereupon the name appeared, being printed in reversed type on the opposite side of the sheet, exactly opposite to the white space in the large advertisement. Text matter in the display was appropriate, such as one line: "A mystery like this should be kept a mystery."

Finding that many patrons delayed their arrival at the Capitol Theatre, St. Catharines, Ontario, until they had heard the Amos 'n Andy radio broadcast, Manager R. J. Harrison installed a radio receiver on the stage and invited patrons to come early and hear the radio feature, after which the regular show starts. As a result the Capitol has experienced a return of early patrons.

Thanks Paid Subscribers

Bluebell Theatre, Toronto, Ont.
 Classic Theatre, Owen Sound, Ont.
 Daylight Theatre, Saskatoon, Sask.
 Imperial (formerly Pantages) Theatre, Toronto, Ont.
 Crescent Theatre, Temiskaming, Que.
 Capitol Theatre, Kingston, Ont.
 Grand Theatre, Pembroke, Ont.
 Capitol Theatre, St. Catharines, Ont.
 Rialto Theatre, Trail, B.C.
 Regent Theatre, Ottawa, Ont.
 Elite Theatre, Thetford Mines, Que.
 Alhambra Theatre, Toronto, Ont.
 Strand Theatre, Prince Albert, Sask.
 Eastman Kodak Co., Rochester, N.Y.
 Mack Sennett Inc., Hollywood, Calif.
 Empress Theatre, Vernon, B.C.
 Imperial Theatre, Montreal, Que.
 Allen's Press Clipping Bureau, Los Angeles, Calif.
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Opened the Paulton Theatre, Toronto, to capacity business on Thursday, April 17th, with "Sunny Side Up," thirteen reels track.

Reproduction of the spoken voice was exceptionally clear anywhere in the auditorium. Reproduction of music and vocal selections was perfect with fine tone and superb richness.

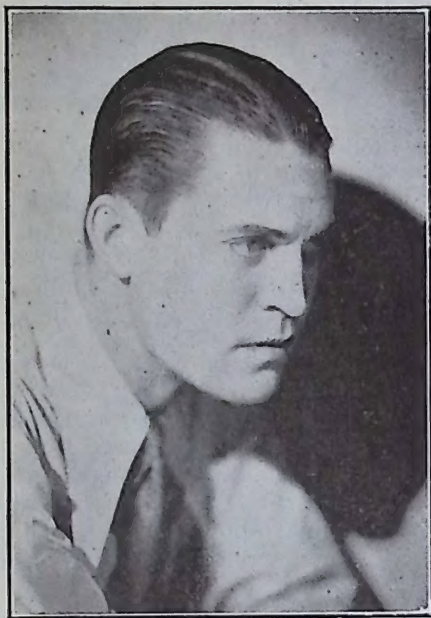
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"Courtesy With Service"

Round About the Studios



Chester Morris, who appears in "The Big House," a Metro-Goldwyn-Mayer feature starring Norma Shearer.

Harold Lloyd announces the signing of Barbara Kent as leading lady in his forthcoming all-talking picture which is entitled "Feet First," and which will be distributed by Paramount. Miss Kent was borrowed from Universal which is planning big things for her when she concludes the Lloyd picture. She was leading lady for the famous comedian in "Welcome Danger," his first talking film.

Lewis Stone supports Greta Garbo for the third time in "Romance," her new Metro-Goldwyn-Mayer talking film. Stone previously played with her in "A Woman of Affairs" and "Wild Orchids."

Edmund Cobb is the latest addition to the cast of "The Storm," now in production at Universal City with an all-star cast headed by Lupe Velez, Paul Cavanaugh and William Boyd.

"Thrills and Spills" is the title of a new Grantland Rice Sportlight reel soon to be released by Pathe

Lowell Sherman has been awarded a long term contract with Radio Pictures, according to announcement made recently by William Le Baron, vice-president in charge of production. Sherman recently completed featured roles in "He Knew Women" and "Midnight Mystery" for Radio.

Jack Oakie's second starring vehicle will be "The Sap from Syracuse" from the stage comedy by John Wray, Jack O'Donnell and John Hayden, which was produced on Broadway this winter. No director or supporting cast has been chosen.

William Daniels, who has filmed all of Greta Garbo's recent pictures, again will be behind the camera on "Romance," her new Metro-Goldwyn-Mayer talking picture.

Tom Reed, dialogue writer and scenarist for many important Universal pictures, has been given renewal of his contract by Carl Laemmle recently.

Ruth Corbin, sister of Virginia Lee Corbin, is "standing in" for Bebe Daniels in "Dixiana," set at RKO Studios. That means the cameramen (and there are dozens on this production) use Ruth as a focus point, while Bebe attends to her makeup between scenes. "Dixiana" is the third Daniels' vehicle in which Miss Corbin has been used in a similar capacity.

Ann Seymour, musical comedy comedienne who scored in "A Night in Venice," stars in the new Vitaphone Varieties picture entitled "Song Painting." She has been supplied with a song written especially for this production. It is titled "My First Rendezvous."



Wynne Gibson, charming Metro-Goldwyn-Mayer player, who is appearing in "Children of Pleasure," directed by Harry Beaumont.

Renewal of contract with Barbara Kent featured player, was announced yesterday by Carl Laemmle, President of Universal. Miss Kent's most recent release was "Night Ride," in which she appeared opposite the star, Joseph Schildkraut.

Wesley Ruggles will direct Radio Pictures' adaptation of "Cimarron," Edna Ferber's best-selling novel, according to announcement made by William Le Baron, vice-president in charge of production. The story already has been put into work, with Howard Estabrook preparing the screen adaptation. Richard Dix heads an all-star cast.

Metro-Goldwyn-Mayer last week added a new director, Harry Pollard, to its roster, and gave a long-term contract to one of its present ace directors, Sam Wood.

William Boyd is scoring one of his biggest hits as "Officer O'Brien," in the Pathe picture of that name.

Having finished a busy six months in Hollywood producing "Bride 66," the first dramatic operetta for United Artists, Arthur Hammerstein, stage and screen impresario, has returned to New York. He will negotiate for material for the Hammerstein Theatre in New York and also prepare for his next film venture for United Artists, scheduled for next November.

H. B. Warner has been signed for two Fox Movietone productions, within a week. His first work will be opposite Irene Rich in "On Your Back," adapted from the Rita Weiman story. Guthrie McClintic will direct. His second picture will be "Road House," Leo McCarey's first effort as a Fox Films director.

George Bancroft will have Doris Kenyon as his leading woman in "The Caveman," a story of a battling hero of the steel mills who is forced into society when the girl owner of the mill, played by Miss Kenyon, seeks revenge on her circle of smart friends. "The Caveman" will go into production at Hollywood in a week under the direction of Victor Schertzinger.

Robert Z. Leonard has been selected by Metro-Goldwyn-Mayer to direct Marion Davies in her next talking vehicle, "Rosalie," which will be an adaptation of the noted Ziegfeld musical comedy success of that name.

Gene Markey, who wrote the story, "The Floradora Girl," for Miss Davies' last film, is preparing the screen treatment of "Rosalie."



Conway Tearle, a Tiffany star.

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All Music--

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All Dialogue

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BOYD
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A Gripping Drama. A film story that breathes romance. A tender, pulsating love theme set in the background of an army post. Some of the scenes in color. It's a picture your patrons will enjoy.

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